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Daily Report

Latin America

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FBIS-LAT-95-057 *24 March 1995*

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Argentina Backs Off Attempt To Increase Mercosur Tariff

PY2403034495 Asuncion ABC COLOR in Spanish 23 Mar 95 pp 20, 21

[FBIS Translated Excerpt] On 22 February, Integration Minister Hugo Saguier Caballero told ABC COLOR that when the Argentine Government realized that its Common Market of the South (Mercosur) partners were not willing to endorse an increase in the common external tariff (CET) rates, it backed off in its attempt to modify these rates, which currently range from 0 to 20 percent within Mercosur. Saguier further reported the cancellation of a meeting of the Mercosur Council of Ministers, which was to have been held in Asuncion in May.

Saguier, who is also the national coordinator of Mercosur, explained: "On the evening of 21 March Argentine authorities notified us that they had withdrawn their request, which was not made official via Foreign Ministry channels, for an increase in the CET. Given this, our country, which currently holds the Mercosur pro-tempore presidency, decided to call off the meeting of the Mercosur Council of Ministers, which had been convened in our capital for May solely to discuss the Menem administration's proposal."

This announcement fully confirmed the fact that Argentina had indeed submitted a request to increase the Mercosur CET. Argentine Foreign Trade Under Secretary Carlos Kesman had submitted this request because Argentine Economy Minister Domingo Cavallo needed to obtain greater revenues in order to correct the deficits in the balance of payments, in fiscal accounts, and in the balance of trade.

Saguier was of the opinion that the Argentine request for an increase in Mercosur's CET would compel the four member countries to provide momentum to the coordination of macroeconomic policies, which is the second stage in the regional integration process.

The first stage, which consists of a plan for trade liberalization with a free trade zone and a customs union, became effective on 1 January 1995.

The second stage, which is to be implemented following the coordination of macroeconomic policies, aims at establishing a common market.

According to press reports published in Brasilia and Montevideo, the first reactions of Mercosur partners to the Argentine proposals were adverse. Remarking on this, Argentine authorities finally opted to not request an increase in the CET before Mercosur's decisionmaking bodies. [passage omitted]

Study Views Tax Revenues in Central America

PA2303163795 Mexico City NOTIMEX in Spanish 0945 GMT 22 Mar 95

[FBIS Translated Text] Guatemala City, 22 Mar (NOTIMEX)—Guatemala and Central American countries are among the countries with the lowest tax revenues as a percentage of the gross domestic product (GDP), according to economic reports from the region revealed here.

Tax reports from the five countries of the area consulted by NOTIMEX established that Guatemala with a GDP of $13.2929 billion was the country with the lowest tax revenues in 1994 as a percentage of its GDP.

Documents of the Ministry of Finance of Guatemala and the Secretariat of Central American Economic Integration (SIECA) show that Guatemala obtained $879.6462 million in tax revenues last year.

According to reports, this amount accounts for 6.6 percent of the GDP, while of the amount of collected taxes, $157.4159 million came from direct revenues and $722.2309 million from indirect revenues.

Similarly, El Salvador, according to SIECA and the Salvadoran Central Reserve Bank (BCR), with a GDP of $8.8645 billion, was able to garner in 1994 an amount equal to 9.7 percent of its GDP.

Tax revenues in El Salvador totaled $862,414,500 of which $235,763,000 came from direct revenues and $626,651,440 from indirect revenues.

Figures from the SIECA and the Central Bank of Honduras (BCH) revealed that Honduras, with a GDP of $3.2572 billion, collected an amount equal to 12.3 percent of its GDP in taxes.

Tax revenues in Honduras totaled $401.8571 million, according to economic studies.

Of taxes collected by Honduras, $106.2381 million come from direct revenues and $295.8333 million come from indirect revenues.

Also, the Central Bank of Nicaragua (BCN) and the SIECA said that this country, with a GDP of $1.9085 billion, collected an amount equal to 12.4 percent of its GDP in tax revenues.

The investigation added that Nicaragua last year collected $355.9552 million in taxes, of which $40.7761 came from direct revenues and $315.1791 million from indirect revenues.

The studies further said that Costa Rica, with a GDP of $8.2596 billion, was unable to determine the amount of tax revenues as a percentage of its GDP in 1994.

However, this Central American nation in 1993 collected an amount equal to 15.2 percent of its GDP in taxes, according to reports from SIECA.

Direct tax revenues include income tax, and indirect revenues represent taxes on exports, imports, the value added tax (VAT), cigarettes, and alcoholic beverages, among others.

The SIECA report explained that Guatemala closed 1994 with an exchange rate of 5.65 quetzals to the U.S. dollar, El Salvador with 8.78 colones to the dollar, Honduras with 8.40 lempiras to the dollar, Nicaragua with 6.70 cordobas to the dollar, and Costa Rica with 157.47 colons to the dollar.

The 1995 annual economic programs of Central American countries contemplate an increase in tax revenues and their share as a percentage of GDP.

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Cuba

Foreign Ministry Official Views 'Grotesque' U.S. Bill

FL2303221295 Havana Radio Rebelde Network in Spanish 1800 GMT 23 Mar 95

[From the "National Radio News"]

[FBIS Translated Text] The anti-Cuban bill sponsored by ultrareactionary [ultra reaccionario] Senator Jesse Helms and Congressman Dan Burton has started its voyage, obtaining the House Subcommittee on Western Hemisphere Affairs' approval on 22 March. This means that the bill's path to approval is clear. Rafael Dausa, director of the Cuban Foreign Ministry's U.S. Department, spoke with National Radio News:

[Begin Dausa recording] This is what we expected from this subcommittee, which is full of anti-Cubans who are very hostile to Cuba's Revolution. The vote was seven to one. However, this does not mean a thing because the bill must continue its legislative and parallel course in both the House of Representatives and the Senate. We await reason and common sense to prevail in some of the departments of the U.S. Congress and for these people to recognize that this is a grotesque thing, a Cold War manner of acting. That is what they are doing. It is a matter of trying to have a country surrender to hunger just because we want to develop a different project and want to reaffirm our independence. I think that it is good to point out that with or without the bill, the Cuban Revolution will continue moving forward. I also think that these anti-Cubans are expressing their frustration-...[pauses] these groups are having a tantrum. They are aware of the pressure that exists against this from the U.S. media, businessmen, academic sectors, and solidarity organizations, as well as being condemned by the world in international forums. They see that the only path left for U.S. policy is change and that reason prevail. Therefore, they are trying to maintain the hostility—at any cost—and entangle the political and legislative atmosphere, which is what regulates relations between Cuba and the United States. We are sure that sooner or later justice and reason will prevail. In any case, Cuba's Revolution will not depend—at all—on the approval or not of this bill. The Cuban Revolution will continue to move forward. [end recording]

Official Terms U.S. Blockade Laws 'Illegal'

PA2303202195 Havana PRENSA LATINA in Spanish 1909 GMT 23 Mar 95

[FBIS Translated Text] Havana, 22 Mar [dateline as received] (PL)—The Cuban Foreign Ministry today described U.S. laws aimed at tightening the economic and commercial blockade on the island as internationally illegal because of their transnational effects.

Cuban Foreign Ministry Spokesman Miguel Alfonso has said in a news conference that some U.S. congressional sectors are exhibiting an amazing talent for contradicting the rest of the world, which rejects the siege on the Antillean nation.

This is how Alfonso commented on the approval by a U.S. House of Representatives subcommittee of a bill aimed at tightening punitive anti-Cuban measures.

He spoke in similar terms about the U.S. Department of Commerce's decision to freeze the accounts of 276 enterprises from various countries operating in the United States on charges that they count on Cuban state capital.

He stated: We reject anomalies that affect Cuba's international commerce and that are in contradiction with the rights and the position of the international community as expressed in the various UN agreements against the blockade.

The spokesman added that the U.S. State Department will surely have to chose between accepting the opposed reaction, which the blockade to Cuba has garnered at the international level, or following the current ultraconservative faction in congress.

Asked about the presence in Havana of the wife and children of Eloy Gutierrez, who heads in Miami a group opposing the Cuban revolutionary process, Alfonso explained that it is a personal visit.

"She is not a person who has been invited or subject to a Cuban Government program," he said, adding, also in reply to journalists, that "whether or not this visit is a prelude to events to follow, I believe that with such delicate topics such as foreign policy it is difficult to predict the future."

Alfonso explained that within the framework of a policy outlined as a general strategy for normalizing migration relations, future versions of the "Nation and Emigration" conference held in April 1994 are possible.

He underscored that this is not a circumstantial policy because the Cuban Government's position of encouraging this normalization is an established policy.

U.S. Congress Debates on Embargo Discussed

PA2403033895 Havana PRENSA LATINA in Spanish 2136 GMT 23 Mar 95

[By Dihur G. Tchamlesso: "Ghost of Blockade Is Used To Stab Clinton"]

[FBIS Translated Text] One of the strategic weapons used by the extreme right-wing Republicans and their Democratic counterparts to dissuade President William Clinton from seeking any degree of parity with Havana consists of continuously invoking the specter of the embargo against Cuba.

For 36 years the Cuban issue has been dealt with as yet another domestic issue of the United States although it is

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conveniently moved into the diplomatic arena, especially when the objective is to tighten the economic screws.

The proximity of the campaign for the White House, set for 1996, offers an appropriate ground on which to address the Cuban issue, from which the two contenders always profit in votes.

The attempts made during February by Jesse Helms, the ultraconservative senator from South Carolina who has chaired the Senate Foreign Relations Committee since January, fit within this context.

The Republican Congress is famous for its extremist position, which has earned it the nicknames "grumpy old man and long-winded old cannon," both locally and abroad. Analysts say it is now adamant about increasing the pressure against the largest of the Caribbean islands.

Helms, who is in touch with the wishes and manipulative maneuvers of ultraconservative individuals of the Cuban community in Florida and New Jersey, has proposed measures that transcend the U.S. borders, directed at "isolating Cuba and keeping her from seeking foreign financial resources."

Some of the penalties suggested in the draft bill, which has already been presented for discussion on Capitol Hill, include several clauses that certain experts find absurd and unenforceable, even by the Clinton Executive Branch.

Raising the so called Cuban-U.S. dispute to the international level, bringing it before the UN Security Council or even the UN General Assembly would become a disaster for Washington.

The international community (except Washington and Tel Aviv) has rejected the continued existence of the trade and economic embargo the United States maintains against Havana.

Sanctions against third countries, managers of foreign corporations and their relatives who choose to trade with Cuba, as stated in the bill and presented by Helms before Congress, would and have, in fact, triggered an avalanche of protests from all over the world.

Taking advantage of the broad majority he has in the House and Senate, the ultra right wing Republicans have resorted to sporadic political skirmishes to undermine the current Democratic President's voter support base.

Alexander Watson, the U.S. assistant secretary of state for inter-American affairs, was summoned before a congressional board to refute alleged intentions of easing the blockade against Cuba, which had been attributed to the Clinton cabinet.

Although the Helms proposal, which was codrafted by Representative Dan Burton, enjoyed an initial success after being approved without any opposition (seven votes in favor) by the subcommittee on hemispheric matters, it is sure to release strong debates at the Foreign Relations Committee and later on the Senate floor, comprised by 435 members.

There are at least five draft bills on the same issue lying in drawers at Congress. Two such drafts are more recent and were presented by Representative Charles Rangel, a Democratic congressman from New York who has asked for an easing of the blockade for humanitarian reasons.

In following the recommendations of the most prominent business leaders, news media, and magazines in the United States, Rangel calls on the Clinton administration to reduce the hostility.

He has called his initiative the Free Trade with Cuba Act. It calls for the lifting of bans on sales of food and medicine, cultural exchange, communications, and travel to and from Cuba.

Other more moderate legislators have encouraged the White House to review its current position toward Havana, following the trend set by the new U.S. policy toward China, North Korea, and Vietnam, all of whom were earmarked as "threats to national security."

A group of "Inter-American Dialogue", which establishes criterion and carries our research and analysis, which are then sent to U.S. leaders nationwide, also favors a loosening of the tension.

Specialist from this influential forum include former officials from Democratic and Republican administrations. They have all recommended that Clinton seek a parity with Cuba.

They have suggested starting with cooperation in areas of science, technology, natural resource evaluation, the environment, meteorology and weather variations, and academic interaction.

Spokesman: More Than 5,000 Rafters Traveled to U.S.

PA2303221195 Havana PRENSA LATINA in Spanish 1855 GMT 23 Mar 95

[FBIS Translated Text] Havana, 22 Mar (PL)—Foreign Ministry Spokesman Miguel Alfonso said today more than 5,000 illegal Cuban emigrants have already traveled for humanitarian reasons to the United States from Guantanamo Naval Base.

In response to questions by foreign journalists accredited in Havana, the spokesman said that these transfers had taken place through a prior agreement between the Cuban and U.S. Governments and that, therefore, they do not violate the migration agreement signed by the two countries.

Alfonso added that an additional 466 rafters have returned home to Cuba via this legal procedure established in these agreements and that more than 1,000 of these illegal immigrants have also returned home, albeit

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by risking their lives, by crossing the mined camps surrounding the Guantanamo base.

An additional 200 people held at Guantanamo have already said they want to return to their homes. A new flight is expected to transfer them from the military enclave to Havana, Alfonso said.

The spokesman said the two governments are already in contact to set the date for another meeting on migration topics, to be held this time in Cuba, during which agreement compliance will be reviewed again.

Foreign Minister Holds Numerous Meetings in Canada

PA2303195495 Havana PRENSA LATINA in Spanish 0352 GMT 22 Mar 95

[FBIS Translated Text] Ottawa, 22 Mar (PL)—Foreign Minister Roberto Robaina had a busy day today in the federal capital of Canada. Sunday [19 March], Robaina began an official visit to that North American nation.

The Cuban minister has met with Fisheries and Ocean Minister Brian Tobin and with Huguette Labelle, president of the Canadian Agency for International Development, Canada's main governmental entity for international cooperation.

As guest of Foreign Minister Andre Ouellet, Robaina participated in a roundtable discussion at the Canadian Foreign Ministry and met with representatives of several departments accompanied by Deputy Minister Kathryn McCallion.

In the afternoon, the Cuban minister visited the Canadian Parliament and attended a Senate session during which he was publicly acknowledged by the parliamentarians.

He also met with legislators from various parties as well as with members of the Senate and the House of Commons of the federal Parliament who comprise the Parliamentary Group of Friendship with Cuba.

Robaina also participated in a public meeting organized by the Canadian Foundation for the Americas. During this meeting he answered questions and responded to comments from academics, businessmen, diplomats, and representatives of nongovernmental organizations.

Sources from the visiting delegation have noted that in his meetings, the Cuban foreign minister confirmed the interest of Canadians in Cuba and the desire to consolidate the current level of relations between the two nations, which have just commemorated the 50th anniversary of these relations.

The Cuban foreign minister held a private meeting with Jose Ayala Lazo, UN High Commissioner for Human Rights, who took advantage of his coinciding visit to continue the honest and constructive dialogue begun in Havana.

Robaina received Ed Broaddbent, director of the International Center for Human Rights and Democratic Development, with whom he discussed general ideas and concepts and the experiences of their respective countries on this matter.

Following a suggestion from the Canadian Government, he held a private meeting with Jean-Pierre Kingsley, director of the Canadian Elections Agency. The Cuban foreign minister thanked this Canadian official for his interests in knowing about the electoral system on the island and for offering to establish exchanges beneficial to both countries.

Tomorrow Robaina must continue his official program in Ottawa and return to Toronto for the last phase of his visit to Canada.

Confident Canada, Mexico To Continue Support

PA2303150795 Mexico City NOTIMEX in Spanish 0143 GMT 23 Mar 95

[By Alejandra Viveros]

[FBIS Translated Text] Ottawa, 22 Mar (NOTIMEX)—Cuban Foreign Minister Roberto Robaina declared today that he was confident that Canada and Mexico would maintain their solidarity with Cuba even if the United States pressures them to implement an economic blockade against the island.

"Canada and Mexico have a special relationship with Cuba despite the pressure and that fact that they are partners of the United States" in the North American Free Trade Agreement, Robaina stated at a seminar organized by the Canadian Foundation for the Americas.

After stating that he cannot underestimate the legislation sponsored by U.S. Senator Jesse Helms, Robaina said he was confident because if NAFTA did not change those countries' policy regarding the island, "they won't sacrifice Cuba now."

The U.S. Congress is studying a proposal to refuse entry to foreigners who trade with Cuba and to ban the importation of products from countries that import sugar, among other products, from Cuba.

Robaina, who arrived in Canada on a five-day working visit on Sunday, described the initiative as a "diabolical plan," because it goes beyond punishing Cubans.

"The proposal offends and punishes the rest of the world because it interferes with the independence of other countries" and reflects U.S. concern that "Cuba has started to find an economic solution" to its crisis, Robaina argued.

Regarding the possibility that Mexico could change its traditional policy of friendship with the island because of U.S. pressure now that it needs credit to confront its financial crisis, the Cuban foreign minister said: "Mexico could move in a different manner."

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"The first thing Cuba wants is for Mexico to recover internally and at a price that is not too high for the Mexicans," he added.

Robaina asserted that "although the Mexican Government and people have continued their traditional policy (of solidarity) with the island, Cuba understands that Mexico could move in a different manner because it is going through the most difficult situation in its history."

In this sense "we know that Mexico cannot put the Cubans first. They have their own situation to deal with and have to consider if another type of relationship can help them more for the time being," Robaina commented, referring to Mexico's ties with the United States.

After meeting with Ontario officials and the business community in Toronto to promote investment in his country, Robaina traveled to the province of Alberta this Tuesday to study joint investments in the extraction and refining of Cuban nickel and cobalt.

On Wednesday [22 March], the foreign minister met with federal authorities in Ottawa dealing with issues ranging from fisheries to electoral procedures.

In the afternoon, Robaina met with Ed Broadbent, the president of the International Human Rights and Democratic Development Center.

The foreign minister will meet tomorrow with Foreign Minister Andre Ouellet and with International Trade Minister Roy MacLaren and will discuss, among other issues, "how to celebrate the 50th anniversary of diplomatic relations between both countries."

The Cuban foreign minister told NOTIMEX in a brief interview as he was leaving the seminar, which was held in a hotel here, that he will travel to Mexico on Friday to meet with his counterpart, Jose Angel Gurria, with whom he will travel to Havana that weekend.

Continues Travels, Meetings in Canada

FL2303201195 Havana Radio Rebelde Network in Spanish 1800 GMT 23 Mar 95

[From the "National Radio News"]

[FBIS Translated Text] On the fourth day of his visit in Ottawa, Canada, Cuban Foreign Minister Roberto Robaina has completed an intense work day. Robaina met with Minister of Fisheries and Oceans Brian Tobin and (Hughs Delavela), president of the Agency for International Development. Robaina also visited the Canadian Foreign Ministry and met representatives from several foreign ministry departments, while accompanied by (Catherine Mocalione), vice minister. Robaina also attended a session of the Canadian Senate and the House of Commons.

Ministry Official Notes Possible Robaina Stopover in Mexico

FL2403000595 Havana Radio Reloj Network in Spanish 2043 GMT 23 Mar 95

[FBIS Translated Text] Miguel Alfonso, Foreign Ministry spokesman, has announced that Fernando Remirez de Estenor, first vice minister of foreign relations, will attend a pan-American conference on the Tlatelolco Treaty in Santiago de Chile. Alfonso also announced that Russian Deputy (?Sergey Glazov) has accepted an official invitation to visit Havana extended by Jorge Lezcano, head of the National Assembly of the People's Government's international relations department. (?Glazov), president of the parliament's lower house economic commission, will meet with government leaders and visit economic, cultural, and historic sites during his visit. Alfonso said he was unaware of the possibility that Foreign Minister Roberto Robaina would make a stop in Mexico City at the conclusion of his current visit to Canada.

TV Reports Police Kill 1 in Riots in Dominican Republic

FL2403022395 Havana Cuba Vision Network in Spanish 0100 GMT 24 Mar 95

[From the "NTV" newscast]

[FBIS Translated Text] Police in Santo Domingo, Dominican Republic, shot and killed another person during riots in that city today, raising the number of victims to five. Ruby Arcadio de los Santos was killed this morning when street demonstrations resumed in protest over the increase in the cost of living. Analysts consider that this event shadows even more the tense situation in the Dominican Republic, where last night a policeman was killed while police tried to crush a demonstration in the neighborhoods surrounding the capital. Dominican police sources confirmed that hundreds of people have been arrested, while dozens have been wounded. Demonstrators are burning vehicles and looting stores.

Roundup of Economic Developments

FL2403000695

[FBIS Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 23 March.

The Varadero branch of the Union of Caribbean Construction Enterprises (UNECA) and the Gran Caribe hotel group have signed a contract to build the first of three Gran Caribe hotels on the beach, which will offer five-star accommodations. UNECA is also stepping up construction of Cubanacan's Oro Verde Hotel, to be completed in 1995. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 20 Mar 95)

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... total of 165,000 quintales of potatoes have been harvested in Matanzas Province in the current campaign thus far. (Havana Radio Rebelde Network in Spanish 1000 GMT 21 Mar 95)

Researchers at the Basic Industries Ministry's Chemical Research Center and the basic oil plant in Cabaiguan Municipality, Sancti Spiritus Province, have produced electric transformer oil at the industrial level for the first time. They produced 100 tonnes, similar in quality to imported oil. (Havana Radio Reloj Network in Spanish 1506 GMT 21 Mar 95)

A construction brigade has completed 11 km of sewer line in Puerto Padre, Las Tunas Province, after nine months of work and at a cost of 600,000 pesos. (Havana Radio Reloj Network in Spanish 2030 GMT 21 Mar 95)

A total of 54,000 quintales of potatoes have been harvested in Sierra de Cubitas, Camaguey Province, in the current campaign thus far. Distribution has begun in some areas. Workers expect to harvest approximately 150,000 quintales during the current campaign. (Havana Radio Reloj Network in Spanish 2030 GMT 21 Mar 95)

Orlando Lugo Fonte, president of the National Association of Small Farmers, has urged cattle industry workers to increase their efforts to overcome the increasing milk shortage in almost all provinces, particularly in Santiago de Cuba. He said that powdered milk prices are rising and that milk production is falling in Cuba due to lack of cattle feed, inadequate breeding programs, water supply problems, and general deterioration of the cattle herds. Milk sales to the state showed a 1.9 million liter deficit in January 1995. (Havana Radio Rebelde Network in Spanish 1800 GMT 21 Mar 95)

The number of self-employed workers in Cuba has risen to 170,000. (Havana Radio Rebelde Network in Spanish 1255 GMT 22 Mar 95)

The Hermanos Diaz refinery, in Santiago de Cuba, is now producing Ultramax, a new lubricant developed by Castrol that will extend the life of old automobiles. Ultramax viscosity increases with temperature. The lubricant will save fuel consumption, reduce wear, and prolong engines' lives. (Havana Cuba Vision Network in Spanish 0100 GMT 23 Mar 95)

A modern dry dock facility is ready to be opened at the Diaz Cominches general shipyard, in Santiago de Cuba. The facility will repair small and mid-sized boats, mainly from eastern Cuba. Up to six 300-tonne boats can be worked on simultaneously. (Havana Radio Reloj Network in Spanish 2040 GMT 23 Mar 95)

Roundup of Politburo Members' Activities

FL2403002295

[FBIS Editorial Report] The following is a compilation of reports on the activities of Cuban Communist Party Central Committee Politburo members monitored through 23 March.

Yadira Garcia has personally congratulated agriculture workers at the Jesus Rabi de Calimete mill, in Matanzas Province, for having reached their goals in the current sugarcane harvest. She delivered her congratulations during a ceremony at the mill, the first to reach its goal in the current harvest. (Havana Radio Reloj Network in Spanish 2030 GMT 15 Mar 95)

Nelson Torres has opened the Revolutionary Armed Forces' (FAR) Protesta de Baragua farm, in Jobabo Municipality, Las Tunas Province. The farm employs 130 FAR members and 68 civilian workers and has 66 caballerias planted with sugarcane. (Havana Radio Rebelde Network in Spanish 1000 GMT 16 Mar 95)

Jose Ramon Machado Ventura and Candido Palmero have toured several farms in Havana Province municipalities. Machado praised the workers' efforts in harvesting potatoes and other crops. (Havana Radio Rebelde Network in Spanish 1255 GMT 17 Mar 95)

Jose Ramon Machado Ventura has participated in the Committees for the Defense of the Revolution national plenum on vigilance, which ended in Havana on 18 March. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 19 Mar 95)

Raul Castro has chaired a meeting on the results of the government control visit to Cumanayagua Municipality, Cienfuegos Province. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 19 Mar 95)

Maria de los Angeles Garcia greeted athletes at Jose Marti International Airport upon their return from the Pan-American Games. (Havana Tele Rebelde Network in Spanish 1730 GMT 20 Mar 95)

Abel Prieto has participated in the presentation of a new poetry book in Havana. Prieto praised the writer for the quality of his work. (Havana Cuba Vision Network in Spanish 0100 GMT 21 Mar 95)

Jose Ramon Machado Ventura has toured agricultural areas in Camaguey Province. Machado discussed working conditions with workers at the different centers. (Havana Cuba Vision Network in Spanish 0100 GMT 21 Mar 95)

Esteban Lazo Hernandez heads the Cuban delegation that will participate in ceremonies marking Namibia's fifth independence anniversary. Namibian Prime Minister Hage Geingob and other officials met the delegation at the airport upon its arrival in the Namibian capital. (Havana Radio Reloj Network in Spanish 1500 GMT 21 Mar 95)

Jose Ramon Machado Ventura and Julian Rizo Alvarez have visited the Argentina sugarcane complex, in Florida Municipality, Camaguey Province. Machado highlighted the need to increase sugarcane planting and food production efforts. (Havana Radio Rebelde Network in Spanish 1000 GMT 21 Mar 95)

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Pedro Ross Leal has participated in the Cuban Workers Federation's Guantanamo progress report meeting. He praised agriculture workers' efforts and urged workers of other sectors to increase their efforts. (Havana Radio Rebelde Network in Spanish 1255 GMT 22 Mar 95)

Pedro Ross Leal has told a news conference that International Workers Day will be marked in Cuba on 1 May. Ross said that completing the sugarcane and potato harvests, as well as spring planting, are priority tasks. Delegations from eight Latin American and European nations will attend an international union workshop in Havana 17-19 April in honor of the 105th anniversary of International Workers Day. (Havana Radio Rebelde Network in Spanish 1800 GMT 22 Mar 95)

Juan Almeida Bosque has received the credentials of Mauritanian Ambassador to Cuba (?Ely Ould Aliaf). (Havana Radio Reloj Network in Spanish 1500 GMT 22 Mar 95)

Radio Summary: 'Most Important' News

FL2303150495 Havana Radio Progreso Network in Spanish 1200 GMT 23 Mar 95

[From the "First Thing" program]

[FBIS Translated Text] Summary of most important news:

—Foreign Minister Roberto Robaina follows a busy schedule in Ottawa. His visit to Canada concludes tomorrow.

—Scientific, educational, and sports enter to host today the first work sessions of the Fifth Congress of the Federation of University Students, which began yesterday with a ceremony at the ceremonial hall of Havana University.

—Cuba gets another 14 gold medals in the Pan American Games in Mar del Plata. Medals were earned in field and track, rhythmic gymnastics, and wrestling. Cuban athletes also got four silver medals, and two bronze medals.

—The U.S. House Subcommittee on Western Hemisphere Affairs approves bill sponsored by Dan Burton and Jesse Helms, seeking to further strengthen the U.S. blockade against Cuba.

—Agriculture Minister Alfredo Jordan has called to put aside lenient attitudes toward those who violate established regulations for soil preservation, and animal and vegetable hygiene procedures.

—Culture Minister Armando Hart Davalos, and Victor Manuel Vazquez, cultural adviser of the Galician Government, signed in Santiago de Compostela an accord to carry out cultural activities between Galicia and Cuba.

—The centennial of the death in battle of Jose Marti will observed with diverse activities in approximately 50 Latin American, European, and African countries, and well as Australia.

—The Fourth Cuban Tourism Fair concludes today in Mexico. About 30 Cuban entities presented diverse tourism options.

—Gladys Gutierrez, wife of Eloy Gutierrez Menoyo, leader of one of the Cuban immigrant groups in the United States, is visiting Havana to challenge—as she stated—the U.S. ban on travel to Cuba.

—Hundreds of riot policemen are patrolling the streets of Santo Domingo, Dominican Republic, in an effort to contain the protests which began on Monday and have resulted in three deaths, several citizens injured, and numerous arrests.

—The first day of the Fifth International Crafts Fair, Fiart-95, was marked by a broad exchange among the representatives from 11 countries participating in the fair at Pabexpo.

—The special envoy of the Brazilian Government to the Peru-Ecuador conflict, (Julio Cesar Gomez Dos Santos), arrived in Quito on Wednesday to meet with Ecuador's civilian and military authorities.

—Over 200 specialists and experts from Latin America, Spain, and the United States stressed in Havana the need to implement an architectural and cultural preservation program to prevent the damage caused by humidity, heat, and pollution.

—Violence in Haiti expands with two new incidents: Wednesday's murder of Sargent (Saintjones), and the attack which seriously injured Police Major Max Hiaire.

—International mechanisms for protection of human rights will be analyzed, beginning tomorrow and until Sunday, by over 60 parliamentarians from Latin America, Spain, and Portugal in a meeting in San Jose, Costa Rica.

Haiti

Clinton's Upcoming Visit Described as 'Honor'

PA2403013995 Port-au-Prince Signal FM Radio in French 1130 GMT 22 Mar 95

[FBIS Translated Text] The upcoming visit of President Clinton is differently interpreted by the Haitian political sector. The Mobilization for National Development [MDN] believes it is an honor for Haiti to have the president of the world's superpower as a guest. MDN leader Professor Hubert de Ronceray, however, has some reservations regarding the political and economic consequences of President Clinton's 24-hour trip to Haiti on 31 March. The U.S. President is scheduled to attend the transition between the multinational forces and

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MINUHA [UN Mission in Haiti]. There has also been talk about the visit by UN Secretary General Butrus Butrus-Ghali to Haiti.

Council Publishes Lists of Electoral Offices

PA2303202995 Port-au-Prince Signal FM Radio in French 1130 GMT 22 Mar 95

[FBIS Translated Text] Within the scope of the preparations for the elections in Haiti, the Provisional Electoral Council [CEP] has published the composition of 58 Communal Electoral Offices, BEC's. The CEP is due to form nearly 100 other BEC's in five geographic departments. The BEC's that were formed in the Departments of West, Artibonite, South, and Southeast will facilitate the formation of the Registration and Polling Stations, BIV's.

'Interim Force' Member Injured in Shooting

PA2303141695 Port-au-Prince Signal FM Radio in French 1130 GMT 22 Mar 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] The members of the interim force are also the victims of violence. Major Max Hilaire was shot several times in the stomach by two individuals who were riding a motorcycle in the Delmas 28 area on the night of 21 March.

Born in Jacmel, Maj. Hilaire is a member of the interim force working in the recruiting section of the new police force. According to a Signal reporter who was on the scene, the victim was rushed to the hospital. A witness reported that Maj. Hilaire was approached by two individuals asking for money. When he refused, the attackers shot him. The witness added that the officer was walking unarmed.

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Zedillo: Economic Vital Signs 'Practically Corrected'

PA2303144595 Mexico City XEW Television Network in Spanish 0430 GMT 23 Mar 95

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo had a private breakfast in Los Pinos with U.S. and Canadian entrepreneurs. The event, which took place in the Manuel Avila Camacho room, lasted one and one-half hours. The president spoke approximately 40 minutes and explained to the U.S. and Canadian Chambers of Commerce in Mexico the government's economic measures to overcome the crisis. President Zedillo said the economy's vital signs, which experienced an imbalance and caused the crisis, have now been practically corrected.

[Begin Zedillo recording] For example, in February we had a trade surplus of $450 million. If we extrapolate and ask what it means in terms of the current account as regards the balance of payments, it means that in February the current account was practically in balance. This is truly extraordinary, because in 1994 the country had a current account equal to 8 percent of GDP. The country's currency was devalued at the end of December, and two months later it managed to balance its current account, which had a considerable deficit for six years. I repeat: In only two months the country managed to turn it into a surplus. I assure you it would be difficult to find a similar example in any other country in the world. [end recording]

President Zedillo also had more good news: He reported that there has been a substantial, dramatic change in Mexico's public finances since January 1995.

[Begin Zedillo recording] Preliminary figures for January and February indicate that the initial public finance surplus, which had been relatively modest during the first two months of 1994, grew more than 100 percent in the first two months of 1995. This proves how baseless certain assertions were in local and international media to the effect that for two months our economy had no direction. [end recording]

The president highlighted that the economic program implemented to face the current account problem has been very effective. The president admitted that the economic adjustment program is tough and is bad news.

[Begin Zedillo recording] In the short-term, but part of future good news, the adjustment is already taking place in considerable steps, and that means the conditions that are holding back the Mexican economy, even causing a recession, are very significant and pronounced in the first quarter. Since the first days of January, businesses began to react to the new relative prices of the economy. Naturally this has been reflected first in a rapid slowdown of the economy and now, frankly, in a regression of the economy and increased unemployment in the first two months of the year. [end recording]

The president also pointed out:

1. The Mexican economy today has a flexibility it did not have a decade ago when we faced similar difficulties. The new structure gives it an extraordinary capacity to respond.

2. He said that as the data he presented today is analyzed by the public and financial market specialists, the uncertainty and lack of confidence will significantly diminish.

3. He assured that his government will maintain a policy of free trade and healthy public finances—especially due to the lack of foreign savings—and that he will continue the deep structural change process in the Mexican economy.

4. He said that facing the short-term financial crisis does not mean that essential aspects of the economic model Mexico has been following for the last few years should be modified.

5. The thrust of Mexico's economy over the next few years should be direct foreign investment.

The breakfast was attended by Mr. Herminio Blanco, secretary of commerce and industrial development; U.S. Ambassador to Mexico Mr. James Jones; Canadian Ambassador to Mexico Mr. David Winfield; Hollie Hackle, president of the U.S. Chamber of Commerce in Mexico; Mr. Douglas Clark, president of the Canadian Chamber of Commerce in Mexico; and Mr. John Bruton, vice president of the American Chamber of Commerce.

Secretariat: Trade Surplus With U.S. 'Achievement'

PA2303124095 Mexico City NOTIMEX in Spanish 0305 GMT 23 Mar 95

[FBIS Translated Text] Mexico City, 22 Mar (NOTIMEX)—The Commerce Secretariat stated today the trade surplus Mexico registered with the United States in January is an achievement of the economic adjustment program applied by the government of President Ernesto Zedillo.

The Secretariat stated in a communique that Mexico registered an $864 million trade balance surplus with the United States in January and that trade between the two nations increased by 17 percent between January 1994 and January 1995.

Mexico and the United States, along with Canada, are partners in the North American Free Trade Agreement, which has been in force in the three countries since 1 January 1994 and which has created the largest trading zone in the world.

The figures of the trade balance with the United States, Mexico's main trading partner, reflect the initial results of the economic adjustment program implemented by the government on 9 March, the Secretariat stated.

In a report simultaneously released in Mexico and the United States, the Secretariat stated the trade balance

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between the two nations went from a deficit of $323 million in January 1994 to a surplus of $864 million in January 1995.

The Secretariat stated Mexican exports to the United States reached $4.713 billion, a 35.5 percent increase, during the period between January 1994 and January 1995.

Imports from the United States reached $3.849 billion, a 1.2 percent increase over January 1994.

Bank of Mexico Creates New Inter-Bank Equilibrium Rate

PA2303183395 Mexico City XEW Television Network in Spanish 0430 GMT 23 Mar 95

[From the "24 Hours" newscast]

[FBIS Translated Excerpt] The Bank of Mexico today announced that a new inter-bank interest rate will go into effect called the equilibrium rate [rata de equilibrio]. This will better reflect the cost of money. The new rate has been established at 90.50 percent and will gradually substitute the Average Inter-Bank Interest Rate (TIP). The TIP was fixed today at 91.05 percent, 18.6 points less than last week. [passage omitted]

National Foreign Trade Bank Reports 1995 Credit Package

PA2303183695 Mexico City EL FINANCIERO in Spanish 22 Mar 95 p 40

[Report by Juan Maria Nava Castillo]

[FBIS Translated Text] Monterrey, Nuevo Laredo, 21 Mar—The National Foreign Trade Bank has reported that its credit package for this year consists of 20 billion new pesos, which will raise the country's export platform by barely 5 percent. The bank advised that only short-term projects will be financed, however. Regional Director Antonio Ortiz Cobos said that hardly any banks will be able to finance long-term projects for the 13,000 Mexican enterprises engaged in foreign trade.

Canacintra Head Requests Drop in Interest Rates

PA2303140795 Mexico City NOTIMEX in Spanish 2224 GMT 22 Mar 95

[FBIS Translated Text] Mexico City, 22 Mar (NOTIMEX)—The recession in Mexico is hurting all industries. That is why it is important to lower the financial burden to prevent the "smothering" of industries, Victor Manuel Terrones, president of the National Association of Manufacturers [Canacintra], said.

After the inaugurating the 14th Jugueti-Expo show at the Exhibimex building, Terrones said the manufacturers are seeking the reduction of interest rates as soon as possible because "the present situation has become increasingly difficult."

Terrones stated that "what we must seek is a reduction of interest rates so industrial costs are as low as possible and new financial strategies can be implemented more promptly" to assist small- and medium-sized industries.

The Canacintra leader asked the National Finance Bank and the National Foreign Trade Bank of Mexico to assume their roles as development banks to promote the country's industrial growth.

Terrones explained some sectors have been weakened and companies continue to go under, triggering higher unemployment. He estimated that in the manufacturing sector over 250,000 workers will lose their jobs in the near future.

Terrones acknowledged there is still capital flight, although not in the amounts seen in the last months of 1994.

ANIQ President Discusses Privatization of Plants

PA2303180195 Mexico City REFORMA in Spanish 22 Mar 95 p 30A

[Report by Gabriela Amador]

[FBIS Translated Text] The private sector sees in the privatization of the petrochemical plants of Mexican Petroleum (Pemex) a profitable business that will yield revenues from the onset and that has skilled personnel for its operation, Arturo Garcia, president of the National Association of the Chemical Industry (ANIQ), has stated.

"We should not consider this privatization as merely a sale of fixed assets (plants), but we should also consider the operation. Pemex is about to privatize a business already in operation," he said.

This sale also ensures the supply of basic petrochemical material and it undoubtedly includes the human resources used by Pemex to operate its installations properly, he added.

The representative of the industrialists made it clear that in light of the legitimate opposition by the union of oil workers to defend the posts they view as being threatened, any national or foreign buyer sees in the petrochemical operation of Pemex a business that needs the personnel currently running the plants to guarantee the continuity of its operations.

Garcia added that the restructuring undergone by the Petroquimica subsidiary in the past three years involved a major reduction of personnel, which resulted in a much more efficient operation.

"This decision guarantees the full integration of the productive chains, placing the national petrochemical industry under similar conditions with regard to operations as those in countries such as the United States, Saudi Arabia, and Canada, which boast of being first-rate competitors in this area," he remarked.

These conditions of the industry will act as financing guarantees, because any foreign bank will accept revenue

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projections and the current medium and long-term contracts between Pemex and its clients per se as collateral. By the way, these operations use the dollar as their denomination, he noted.

National financing has been excluded. For one, rates are high, and second, the availability of resources to capitalize projects of this magnitude is not guaranteed.

The sale of Pemex's second and third-stage exploitation of petroleum resolves the 12-year problem of a lack of investment in this area, "a true dead-end street," which has hindered the production of items with greater subsequent aggregate value, he stated.

The president of the ANIQ explained that the new owners of the plants will have to share the complexes, therefore, they will have to commit themselves to maintaining their operations and to comply with the current supply contracts Pemex has with its clients, which will ensure an honest sale of the installations.

Report: Job Situation Difficult

PA2303171995 Mexico City LA REFORMA in Spanish 22 Mar 95 p 27A

[Report by Jesus Castillo]

[FBIS Translated Text] Nearly 65 percent of the enterprises have stopped hiring personnel because of the economic crisis. As a result, three of every 10 job seekers are unemployed. In addition, it will take the jobless between eight and 12 months to find a job, unlike the six months required in 1994.

According to the Association of Mexican Industrial Relations Executives [AMERI], enterprises are resorting to the easiest and least creative practice in business management: reduce the number of workers. "Our country has not escaped the unemployment problem. This will be Mexico's social ailment in the second half of the 1990's," AMERI said in a study.

Only 600,000 jobs, or one ninth of the number required by the 28,100,000 job seekers, were created during the past six-year term. In the past six years, the economically active population numbered 22,650,000. Consequently, at the end of the previous government there was already a lag of 5,000,000 jobs.

AMERI said that one of the challenges that enterprises must meet in the next few months once there are signs of recovery will be to keep the existing jobs, an action that entails certain sacrifices, such as reduced profits. "Experience shows that human talent is the only factor capable of producing profits and meeting challenges," AMERI said.

According to the economic outlook, no new jobs will be created this year because enterprises have suspended expansion and hiring plans. The economy's government-expected 1.5 percent growth this year will result in just 224,000 jobs. The anticipated decline of productive activities will make the labor outlook very dim. Only 71 labor contracts were revised in January. Such revisions resulted in 4.72 percent in salary rises and 3.77 percent in social benefit rises.

AMERI reported that the largest salary increase, 10 percent, occurred in three enterprises in the cellulose, papermaking, metalworking, and petrochemical industries in the Federal District, Durango, and Tamaulipas.

AMERI says that one of the reasons why the revision of collective labor contracts diminished by one percentage point is the uncertainty prevailing in the economy.

Government To Wage Struggle Against Trafficking of Aliens

PA2403010895 Mexico City NOTIMEX in Spanish 2034 GMT 23 Mar 95

[FBIS Translated Text] Mexico City, 23 Mar (NOTIMEX)—The Mexican Government will wage an all-out struggle against the trafficking of undocumented aliens by combining political willingness, institutional resources, and the support of society, Government Secretary Esteban Moctezuma Barragan affirmed today.

After signing the Agreement on the Trafficking of Undocumented Aliens with the secretaries of finance, communications, the comptroller general, and the attorney general, the official said Mexico will maintain the respect guaranteeing free transit in the country.

In light of the difficulties the country is experiencing, it is imperative to unite efforts, to broaden effectiveness, and to prevent those who make a way of living by an illegal activity from continuing to do so, "even more so when the illicit activity involves human beings."

"The struggle against those who commit a crime by taking fellow Mexicans abroad illegally should go hand in hand with the full respect for the decision of those Mexicans who aspire to find a job abroad," the official said.

Moctezuma Barragan said the Agreement on the Trafficking of Undocumented Aliens is intended to strengthen cooperation between agencies in order to advance an effective application of the law and against the so-called "trafficking of undocumented aliens."

He said the signing of the agreement demonstrates President Ernesto Zedillo's interest to maintain within the state of law an appropriate control over the immigration flux, which includes preventing illegal aliens from entering the country.

The agreement is also aimed at fighting people and organizations that have profited from the trafficking of human beings and endangering the lives and safety of individuals.

The government secretary added that in order to implement the agreement, a coordination committee has been created. This committee will establish the areas and events in which cooperation will be given and will define the mechanisms and methods that will govern actions.

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These institutions will provide cooperation to the immigration authorities in enforcing the provisions contained in the General Population Law and its bylaws and will support all actions aimed at fighting the trafficking of illegal aliens, he said.

The officials also signed an agreement on contraband with a view to establishing an adequate, agile, and timely cooperation among the signatories to fight this crime and other similar activities.

Moctezuma Barragan said they plan to establish a coordination committee comprised by the under secretaries and the assistant prosecutor, who will draft integral policies and take specific actions to fight this crime.

He said local representatives will be at local customs offices and will exchange information and conduct actions to detect and stop the contraband process.

In addition, Finance Secretary Guillermo Ortiz Martinez said it is necessary to fight various illegal trade practices, including contraband, despite the existence of a legal framework regulating foreign trade.

The Mexican Government has reiterated its commitment to fight illegal foreign trade practices and stated the opening of the national economy will "in no way" mean it will remain passive in the face of unfair competition, he said.

The finance secretary said this illegal activity is usually associated with other types of crimes that adversely affect public order, the environment, and national security.

Attorney General: Colosio, Ruiz Murders Unrelated

PA2303182195 Mexico City Radio ACIR Network in Spanish 0000 GMT 23 Mar 95

[Report by Jesus Casasola from the "Evening News Panorama" newscast]

[FBIS Translated Text] Attorney General Fernando Antonio Lozano Gracia rejected that there is any link between the murders of Jose Francisco Ruiz Massieu and Luis Donaldo Colosio Murrieta. The official criticized certain publications that have irresponsibly involved innocent people. He added that this sort of speculation is inadmissible and should be rejected by the public because it increases the confusion, which in turn does not contribute to the unity the country needs to continue the investigations.

Lozano stressed that his office disregards any information that is not supplied through official channels, thus he will keep investigations private so as not to affect them and the public will be informed of them afterward, provided croncrete developments exist.

Regarding the murder of the former PRI [Institutional Revolutionary Party] presidential candidate, he said that other leads and theories are being investigated to determine a motive, but he has categorically said that there was no link with the Jose Francisco Ruiz Massieu case.

[Begin Lozano recording] At this moment, there is no information whatsoever to connect the two homicides; in the event any information comes to light, it will be investigated. There is no evidence whatsoever to connect the two. [end recording]

During the hour that the news conference lasted, the country's attorney general reiterated five times that Jose Cordova Montoya, Domiro Garcia Reyes, Diego Balader Rios, Carlos Salinas de Gortari, Miguel Montes Garcia, and Ruben Valdez Abazcar are not involved in Colosio Murrieta's assassination. Regarding a possible motive, the attorney general simply indicated that there is nothing yet and this line of investigation is being followed.

[Begin Lozano recording] No, no; I believe that the motive so far, as it has been in the other cases, is just a theory in the investigation. In other words, what is the motive, what is the cause that would lead a person or a group of people to a certain crime. If you manage to find a motive, then you will know where to investigate. This is an inherent theory, or better said, something inherent in the various theories, and we are exploring all of them. [end recording]

He warned, however, that all the people suspected of having any link with the incidents will be summoned to testify. He also denied that relatives of Oton Cortez Vazquez, who is said to be the second person who shot the victim, have been tortured as Cortez' defense attorney claims. Cortez is under detention at the Almoloya de Juarez top security prison in Mexico City.

Regarding Sonora State Governor Mario Fabio Beltrones, the attorney general said that the governor is willing to be questioned so that he can explain what happened when he spoke to Mario Aburto Martinez hours after Colosio Murrieta's assassination. One of the aspects that drew much attention was Special Prosecutor Jose Pablo Chapa Bezanilla's statement when he categorically denied saying that the sixth passenger traveling on the airplane carrying Mario Aburto Martinez to Mexico City had already been identified. He was told that he had even mentioned in Guadalajara, Jalisco State, that the famous sixth passenger had not been a policeman and was already identified. But these statements, I repeat, where denied by Jose Pablo Chapa Bezanilla.

Lastly, Antonio Lozano Gracia said that the outcome of the investigations has no time limits. On the other hand, Pablo Chapa Bezanilla said once again that investigations continue for the time being and new information will be released at any moment, especially regarding new leads and theories that are emerging thanks to statements by other people who are being questioned.

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Guatemala

Minister Requests Information From U.S. on Bamaca, Alpirez

PA2403012595 Guatemala City Cadena de Emisoras Unidas in Spanish 0000 GMT 24 Mar 95

[From the "News Patrol" newscast]

[FBIS Translated Text] Defense Minister General Mario Rene Enriquez has requested that U.S. authorities present the evidence to start the corresponding legal actions regarding the report written by [words indistinct] Jennifer Harbury, which was published by THE NEW YORK TIMES. She has charged that her husband, Efrain Bamaca, alias Commander Everardo, and U.S. citizen Michael Devine had been murdered by Colonel Julio Roberto Alpirez, second commander of the La Aurora Military Zone [words indistinct].

Alpirez has been discharged from the Army, where he worked for many years in [words indistinct.] Enriquez has said the officer has complied with his military obligations up to now and has said he did not know Alpirez was a CIA agent. Thus, the armed institution is willing to provide all the [word indistinct] information on those charges, Enriquez has said.

Army Participation in Antikidnapping Group Denied

PA2303155695 Guatemala City LA REPUBLICA in Spanish 22 Mar 95 p 2

[FBIS Translated Text] Government Minister Carlos Enrique Reynoso Gil said yesterday that the Army will not participate in the "Antikidnapping Commando Group" announced by President Ramiro de Leon Carpio but said he is pleased with the Armed Forces' commitment to fight organized crime.

Reynoso Gil, who denied there were any differences with the defense minister, said the "Antikidnapping Commando Group" is made up only of civilian security forces, just as he said last Monday.

"For the time being, the military forces will not participate in the commando unit," he said after noting that there is a willingness to do it, but it is currently not necessary.

"If they (the Army) are willing to cooperate in the fight against crime, it would be welcome," he said.

Last Monday, Defense Minister General Mario Rene Enriquez Morales said the Armed Forces will participate in the "Antikidnapping Commando Group" created by De Leon Carpio to fight the wave of kidnappings unleashed in the last few weeks.

Enriquez' statements, however, were categorically denied by Reynoso Gil, which led to a controversy regarding the lack of state programs against organized crime.

Reynoso Gil confirmed the absence of the Army in the commando unit as well as in any other security program in the country organized by his ministry because it is unnecessary.

As for the state of siege suggested by Deputy Jorge Skiner Klee, Reynoso Gil said he respected his opinion but refused to comment in favor or against the initiative.

"I think all suggestions are welcome in the fight against crime and the wave of kidnappings in our country," he said, noting that as a public official, he could not talk about the initiative without first meeting with President Ramiro De Leon Carpio.

Last Monday, Skiner Klee suggested that a state of siege be imposed as a measure to fight common crime, but he did note that the suggestion could only be authorized by the president.

Intelligence Sources Report New Guerrilla Faction

PA2303162795 Guatemala City SIGLO VEINTIUNO in Spanish 20 Mar 95 p 2

[Report by Carlos Canteo]

[FBIS Translated Text] A new guerrilla faction with approximately 300 armed members is being organized and trained in the Quiche mountains. It could be the outcome of a split from the Poor People's Guerrilla Army (EGP), according to military intelligence reports.

It has been said that so far they have been located in the Quiche region although there has been no confrontation with Army troops. Nevertheless their movements and types of weapons they carry are being constantly monitored.

According to a military source, there are suspicions that this new faction is led by Miguel Angel Sandoval, member of the Guatemalan National Revolutionary Unity (URNG) political-diplomatic team, who reportedly had problems with the EGP command.

When consulted on this issue, Pablo Monsanto, Rebel Armed Forces (FAR) commander, said that for some time the government and the Army have been talking about a possible split in the guerrillas' military commands, but this is totally false.

Monsanto said that this is the Army's longstanding dream whose only goal is to deceive the people and the international community. Our military commands, however, and our positions at the negotiations are perfectly coordinated, he said.

Meanwhile, Hector Rosada, president of the government's Peace Commission [Copaz], pointed out that the division within the URNG is not a government invention, but was reported by serious sources at the international level who are concerned about the peace process.

The information, Rosada said, has been furnished by observers who are in contact with the troops and by

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persons who are directly linked to the guerrilla, therefore we can say that all we know comes from reliable sources.

According to information at hand, an autonomous group has emerged from the EGP led by a person wearing a ski mask who has named the new organization Heroic Ho Chi Minh [Ho Chi Min Heroico].

It is regrettable that the URNG is learning about the division through us. Besides, I believe that a division is a matter of concern because it weakens the guerrillas' position at the negotiating table . We have information about who is leading this faction but we will not spare the guerrillas the trouble of finding out who it is he pointed out.

Rosada: *The division in the URNG makes the signing of peace difficult*

Copaz President Hector Rosada Granados said that the division within the URNG makes difficult the signing of concrete peace agreements, pointing out that the current government still has the patience to wait for the results of the negotiations.

For Rosada, the big difference between the URNG and the government is that the government does not have a problem of internal division or of contradictions nor does it fear what can occur in the future, whereas the guerrilla command does.

One must be clear that the URNG's structure is not the result of a prepared process but of a strategic convergence in which there is a prevailing problem with regard to the way issues are viewed and in which each of the URNG's four groups has its own stand, he said.

Within the leadership, he noted, there are people with great communications skills and great political ability, who at any given moment can be accepted by a large number of voters, but who have to deal with other war-oriented people, and this causes differences.

In Rosada's opinion, these difference are evident now that elections are drawing near, as serious internal problems have emerged that translate into a lack of a unified position to reach an agreement in the negotiating process.

The Copaz president also pointed out differences between the political side and the armed branch, as it appears that the armed branch is acting alone and is not in keeping with the negotiations efforts, while others are in tune with the masses, and still others identify with the revolutionary struggle.

What I believe, he noted, is that there is a great deal of intention to continue with the guerrilla war, to wait for better conditions, not only political but also military, and to take advantage of the possible internal crisis inside the government to assume new positions.

URNG Increases Forces Due to Possible Peace Plan Failure

PA2303210895 Guatemala City PRENSA LIBRE in Spanish 20 Mar 95 p 2

[Report by Edgar Leonel Arana Paredes]

[FBIS Translated Text] Pablo Monsanto, Guatemalan National Revolutionary Unity (URNG) commander, has said that its forces surpass 3,000 soldiers and that the number is increasing every day although it is convinced that a political solution is the way to achieve peace in Guatemala.

We are increasing our military forces because we should be prepared if peace negotiations break down and if the government does not accept the changes we have proposed. These are changes of substance, not of form, he noted.

We believe that a political solution is possible: we want peace and we believe that we can achieve it. Nevertheless, we cannot be careless and we must be prepared for a possible break down of negotiations because the government does not want to make the fundamental changes we proposed, he stressed.

In the guerrilla commander's opinion, the latest government attitude appears to be leading to a break down in the negotiations, making the URNG appear guilty of such a break. According to Monsanto, this is an Army maneuver because it is divided.

We must acknowledge that the current Army is not the same one that existed when the conflict started. There have been changes. Currently there are two factions, one that does not want to negotiate and seeks an armed victory and the other, that wants to negotiate the URNG's political defeat. This they will not obtain, he commented.

Monsanto claimed that the Army is pressuring civilians to go against the URNG's positions arguing that there is agreement on some positions. Nevertheless, it then points out that civilians are siding with the URNG and begins pressuring them through terror to abstain from this. This situation, in the rebels' opinion, is resulting in an increase in human rights violations.

On this issue, the Minugua [United Nations Mission for Guatemala] points out that the URNG is also responsible for human rights violations, which, according to the guerrilla was already cleared up because the Minugua. [sentence as published] The Minugua thinks that sabotage actions result in human rights violations, however, for the URNG these are military operations.

We respect the Minugua's opinion, but we have demonstrated, and they have accepted, that military operations entail, to some extent, human rights violations, he said.

He recalled that the rebels offered to end actions against electricity pylons and attack only military targets. He indicated that they have kept their promise as their

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forces maintain a defensive position, not an offensive one. He was then asked about the latest attacks blamed on the URNG, such as the petroleum spill in Peten, to which the commander replied:

These actions and others in Huehuetenango, blamed on armed men dressed in olive green with ski caps, are Army actions carried out through the PAC's [Civilian Self Defense Patrols]. We were blamed but the people and also the Minugua know who is responsible, he noted.

He concluded that the URNG will not carry out actions against civilians and that if it decides to blow up a bridge or a telecommunications tower, this will be part of a military strategy directed against the enemy's communications or deployment of troops. [sentence as published] If human rights violations occur among the civilian population, the blame will be scaled down, something the Minugua has accepted, he concluded.

Honduras

Police Commander: Weapons Shipped to EZLN, Drug Cartels

PA2403034795 San Pedro Sula TIEMPO in Spanish 23 Mar 95 p 5

[Report by Efren Bonilla Figueroa]

[FBIS Translated Text] Tegucigalpa—Colonel Roberto Lazarus Lozano, commander of the Public Security Force (Fusep), said yesterday weapons from former Nicaraguan and Salvadoran guerrillas are being shipped through Honduras to the Mexican Zapatist rebels and South American drug cartels.

Lazarus participated in a meeting between the police and representatives from other branches of the Armed Forces to define their respective roles in the struggle against crime. He said that the first reports were obtained at a meeting of Central American police commanders and that they have been confirmed.

Lazarus said arms shipments destined for drug traffickers have been confiscated in Panama. He added weapons formerly used by Salvadoran and Nicaraguan guerrillas have been found in inventories of weapons held by the Zapatist National Liberation Army (EZLN).

He categorically denied that part of those weapons could come from Central American armies. He said the confiscated weapons destined for Mexico and South America have consisted of AK-47 machine guns, RPG grenades, Macarov pistols, and other Soviet-made weapons, while weapons used by Central American armies are generally U.S. made.

Lazarus said that part of those weapons have remained in the hands of common criminals in Central American countries and that many people have purchased them for their personal security. He added this can be quite dangerous, because these weapons are made for war and should not be in inexpert hands.

He said Central American police forces are trying to establish mechanisms of coordination to intensify operations at the border areas to confiscate arms shipments. He said one of the problems they are confronting is the fact that containers carrying merchandise in transit to another country cannot be inspected, according to free-trade agreements, unless there is an international warning stating it contains weapons or other illegal products.

Lazarus said Fusep and the Directorate of Criminal Investigations (DIC) are coordinating a plan to register all weapons that are in civilian hands in order to confiscate those that are held illegally.

Nicaragua

Enterprise Development Accord Signed With Taiwan

OW2303123495 Taipei CNA in English 0849 GMT 23 Mar 95

[By Huang Kuang-chun and Sofia Wu]

[FBIS Transcribed Text] Managua, March 22 (CNA)—The Republic of China [ROC] and Nicaragua Wednesday [22 March] signed a cooperation agreement on small and medium enterprise (SME) development.

The accord was signed here by ROC Economic Affairs Minister P.K. Chiang and Nicaraguan Economy and Development Minister Pablo Pereira Gallardo.

Under the agreement, the ROC will help Nicaragua develop export- oriented small and medium enterprises. The ROC will send technological and management experts to the Central American country to operate an SME consulting center.

Chiang said at the signing ceremony that the consulting center aims to help Nicaragua upgrade labor productivity, create more jobs and increase exports.

In addition to providing technological and managerial counseling services, the center will advise Nicaraguan SMEs to develop industries that have great market potential and can help reduce Nicaragua's reliance on imports. The center will also assist Nicaraguan businesses in manpower training.

The agreement will remain valid for two years. Chiang said the ROC's International Economic Cooperation Development Fund will commission the Taiwan Retired Manpower Resources Development Association to select suitable personnel to man the soon-to-be-established Nicaraguan SME consulting center.

Noting that SMEs played a very important role in Taiwan's economic development, Chiang said the ROC is willing to share its SME development experience with

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other developing countries. "We hope our assistance in this field can help Nicaragua maintain long-term economic development and equitable distribution of wealth," he added.

Speaking at the same occasion, Pereira said he is grateful for all the assistance the ROC has extended to Nicaragua over past years. "I believe the establishment of the SME consulting center will contribute much to our economic development," he noted.

Earlier in the day, Chiang and Pereira jointly inaugurated a Taiwan machinery display center in Managua.

The center, housed in the Nicaraguan Economics Ministry office building, displays 14 woodworking and 12 shoemaking machines. "It will allow Nicaraguan SME's to more conveniently purchase needed production equipment," Chiang said.

Chiang, leading a 50-member delegation of trade officials, senior bankers and business executives, arrived here Tuesday from Panama to seek trade and investment cooperation opportunities.

Chiang will meet with Nicaraguan President Violeta Chamorro before leaving for Costa Rica Thursday to continue his six-country trade promotion tour.

Panama

Article Says 'Gringo Bases Mean Insecurity'

PA2403005195 Panama City LA PRENSA in Spanish 23 Mar 95 p A-33

[Article by LA PRENSA founder I. Roberto Eisenmann, Jr.: "Bases? ... Again!? For the Love of the Fatherland ... No! Part II"]

[FBIS Translated Text] On 15 March, LA PRENSA published my first article, which had the same title. As expected, the article raised much controversy. I have received many congratulatory telephone calls and comments and an equal amount of recriminations. A few of those individuals who have bitterly retorted against me have accepted that one of my arguments merited special attention, because it offered a different viewpoint from the old, worn-out arguments used by the two sides. That is why I will make an effort to expound on that one argument only, so we can examine it more carefully.

I shall begin by saying we are creatures of habit and that we have become accustomed to the fact that the people who shout "bases, no!" have been primarily antigringo individuals and jingoists. It must be vehemently stated that one can sympathize with the gringos and raise the same cry, in my case a desperate shout: "Bases no!"

During the Cold War, when the accusation of being antigringo implied being pro-Soviet Union, it was much more difficult to understand, but it is easy to understand today that our obligation as citizens is to ask ourselves: What is best for our dearly loved Republic of Panama? If after an analysis is made and the answer is "bases, no" this must be voiced with conviction, in a reasonable manner, with patriotism and a sense of history. The gringos will understand and accept this position before the idea of maintaining the bases turns into a political issue today and an imposition later.

An example of this was given recently by the harboring of the rafters for six months. Our government accepted what many governments would not, and at the first indication the gringos would ask for an extension of the agreed upon deadline, the president clearly and definitively said not one day more than six months. The gringos abandoned their intention and complied with the agreement. A similar declaration would have the same results regarding the bases today, before it is too late, if the president declares there is to be not one soldier in Panamanian territory on 31 December 1999.

Now, back to our argument, which needs further study. The term "bases" means stability for a majority of Panamanians. Confronted with the Cold War and the specter of the "red devil," one can understand that mistake, but we became used to that cliche, and our minds became set on the idea that gringo bases mean security.

I vehemently believe, what is more, I can assure you that it is just the opposite. Gringo bases mean insecurity. I am referring to the recent past, which all my readers experienced. Military men speak only to military men. Wherever military men exist (whatever their nationality) they deal with local military men. If the local forces are the civilian police force, they train them, lend and give them their new lethal toys, and the policemen turn into gorillas [gorilas] on any given day. Because they do not have any legitimate enemies, they turn against the civilian population. Then, suddenly, without our being aware, the police, which has turned into an army, constitutes for Washington a "guarantee for the stability" of the nation, worthy of more aid, jobs in the CIA, etc. When their "military counterparts" decapitate civilians, the gringos look the other way and say "there is no proof," and the country (Panama) not only becomes unsafe and unstable but loses its viability as a nation.

And let someone say that that scenario was yesterday and that it cannot happen again! I will reply not only will it happen again, but it will happen much faster! Why? Because yesterday policemen were just that: policemen.

The police are mostly led by gorrilas dressed as policemen with a visceral desire "to take a turn" and once again become owners of our country and all of us. Read the recent words by the head of the Southern Command. Those words are: "An Armed Forces that is disciplined, obedient, and respectful of the law has a role in every society. Such an Armed Forces offers the state a monopoly on force, which is necessary to protect its sovereignty from foreign and domestic enemies ("domestic enemies" are you and I). In the absence of a

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legitimate Armed Forces, it is more likely the country will become a sort of Bosnia and not Switzerland." Barbarity!

I, perhaps because of my seven year, firsthand experience in efforts dedicated to "unplugging" the gringos' support to Noriega ("their SOB"), do not have the slightest hesitation to shout with vehemence: "Bases mean remilitarization!" "Bases mean another Noriega!" "Bases mean total insecurity!" "Bases mean trip on the same stone again and again!"

Why? Is it that I believe the gringos are bad? No. It is because they are naive about us. The uniform conjures for them thoughts of sacrifice for the fatherland. They cannot believe there can be a bad soldier. I was told Noriega could not behead anyone, because he had earned an "A" in the School of the Americas' course on human rights.

A week ago, Adolfo Francisco Scilingo, an Argentine naval officer, confessed to participating in flights in which political prisoners were dropped into the ocean—alive! "I, with these hands, dropped 30 people into the ocean," he confessed. Flights were every Wednesday, and he estimates that 1,500-2,000 Argentines (men and women) died in this manner. I imagine the Argentine generals and Noriega swapped stories while having drinks on how they dropped live people from airplanes, with Noriega saying between laughs: "Oh, but you have not dropped a priest!", all of these remarks behind the backs of the gringo generals who at the same meeting presented a very serious report on the School of the Americas' new curriculum on human rights and democracy.

Do we want to go back to that? Let us continue tied to past cliches and allow bases beyond the year 2000, and our country will be remilitarized for sure! The bases are a guarantee this country will never become that way. [sentence as published]

What do we do? In recent statements to Congress, the State Department indicated in writing it is still thinking about it. There are phrases such as: "We are reviewing this matter;" "We have to ponder this issue within the base-closure program;" We need to "seek opinions in other parts of the continent" that will only be positive "if Panama clearly states what it wants and accepts." Everything indicates this is in a study stage. There is no defined policy yet, meaning there is no effort to impose yet.

The moment for a definitive presidential statement is now. It could read something like: "On 31 December 1999, in compliance with Treaty mandates, there will be not one soldier in our territory. We could consider "ready access" to a landing strip and a port for humanitarian search and rescue missions or to fight drug trafficking, provided not one soldier is based in our territory." With such a presidential statement, the matter would be resolved today, and our destiny as a democratic, free, stable, and secure nation would be saved.

Officials Deny Knowledge of DEA List

PA2303141395 Panama City EL PANAMA AMERICA in Spanish 22 Mar 95 p 1A

[Report by Arnulfo Barroso Watson]

[FBIS Translated Text] Foreign Minister Gabriel Lewis Galindo and Government and Justice Minister Raul Montenegro have no knowledge of a list of 15 persons—including some officials—who are reportedly being investigated by the Drug Enforcement Administration (DEA).

Despite reports that an indictment was handed down in Atlanta against a group of Panamanians, Lewis said he was unaware of such a list. "That kind of gossip is constantly heard around the country," he added.

Lewis—who officially went on temporary leave of absence yesterday to undergo a series of medical tests—stated he had met U.S. Charge d'Affaires Oliver Garza and "the matter (of the list) was brought up at all."

Montenegro, meanwhile, also denied knowing about the DEA list but added that if "it exists, I would like to see it."

"For the time being, I am denying that the DEA is investigating some government officials," the minister stressed.

Montenegro said he will ask to meet with Authentic Liberal Party Legislators Lenin Sucre and Joaquin Fernando Franco so they can provide him with the details they claim to have on the alleged list of officials under investigation by the DEA.

In the meantime, Alberto Aleman Boyd, chairman of the Committee for the Control and Eradication of Drug Trafficking, stated that his committee will ask the Foreign Ministry and the Attorney General's Office for an official report on whether or not the DEA is conducting an investigation.

Foreign Relations Committee Chairman Oyden Ortega, in turn, affirmed that he has no specific reports on his colleagues' charges but warned that if there is any truth to the matter, it will become known "sooner than later."

EL PANAMA AMERICA has learned several Panamanians are facing legal action in Atlanta but for offenses involving financial fraud.

Farming Sectors Oppose Changes to Tax Incentives Law

PA2303195595 Panama City Circuito RPC Radio in Spanish 2300 GMT 22 Mar 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] More productive sectors remain opposed to the across-the-board tax incentives bill,

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whereas the government continues defending the virtues of the measure. Here is Hugo Enrique Famania.

[Begin recording] [Famania] The agricultural and livestock sector, ranking fifth in a descending scale of contributors to the gross domestic product and the main employer of the country as it employs 47 percent of the labor force, feels it is hurt the most by the across-the-board incentives bill. Representatives of different areas of the agricultural and livestock sectors, the Planning and Economic Policy Ministry, the Agricultural Development Ministry, as well as the members of the Finance, Commerce, and Agricultural and Livestock Committees of the Legislative Assembly met within the framework of the ongoing consultations with different productive sectors on the across-the-board incentives. The elimination of the CAT [Tax Credit Certificate] and the reduction of the FECI [Special Interest Compensation Fund] are just two aspects that harm the all farming products, dooming them to the same fate.

[Abel Mojica of the Union of Agricultural and Livestock Producers, identified by caption] That fate being to disappear. With the new measures who is going to dare invest in the agricultural and livestock sector?

[Agricultural Development Minister Carlos Sousa Lennox] The agricultural and livestock sector will not disappear because it is of great importance to the country.

[Famania] Sousa admits that there are different viewpoints but says the consultations will give the nation an across-the-board incentives law that will provide equal opportunities. In the opinion of the agroindustrial sector, this is not possible because the bill proposes the elimination of the sanitation law due to pressure from the United States, and this is dangerous.

[Veraguas Legislator Mario Forero] If contaminated products are imported, this may wipe out all large, medium, and small-scale industries. We are talking about the hens in the yard, even.

[Famania] This situation may imperil 4,500 jobs in the poultry industry alone. Opposition legislators regard the agricultural and livestock sector as the most delicate. They foresee a mass migration of peasants to the city and a dangerous situation as the country's obligation to feed itself is relegated to foreign farmers.

[Unidentified speaker] Suppose war breaks out in another country and we are depending on that country to bring us food. How is it going to do that? It has been proven that more people have died of starvation than in wars.

[Famania] Sousa dismisses these concerns since CAT will be eliminated in a gradual manner, the FECI is going to be reduced, but it is aimed at the small-scale farmer, and a plant and animal health program will replace the sanitation law.

[Sousa] All of this is going to be debated at the assembly, and we have the best intentions to obtain the best benefits for the country, the agricultural and livestock sector, and our entire economic sector.

[Famania] The consultations with the agricultural and livestock sector will be held on Wednesday [22 March] and Thursday. The view is that the topic of the Colon Free Zone will be debated next. The users of that free zone and the government have been embroiled in a public dispute, as the government wants to impose a 1.5 percent on them. [end recording]

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Argentina

Menem Launches Bond, Backs Cavallo, Market Economy

PY2303162695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2035 GMT 22 Mar 95

[FBIS Translated Text] Buenos Aires, 22 Mar (NA)—President Carlos Menem today emphasized that the government would "strictly" pursue the market economy system. Menem also expressed his emphatic support for the economy minister, noting: "He has the full and absolute support of the president of the nation."

Upon making these remarks, Menem received an ovation from hundreds of entrepreneurs and bankers who today went to the Stock Exchange to participate in the "Argentina Bond" launching ceremony.

Menem twice expressed his support for Cavallo. On one occasion, Menem emphasized: "The crisis of confidence was overcome through the sense of security conveyed by the announcements of our dear economy minister, who continues to trust in the strength of Argentina and who has the president's full and absolute support."

Menem also voiced an idea that sounded like music to the ears of the executives, committing himself "to achieving a fiscal surplus" to overcome any type of crisis.

Menem emphasized: "The current rules of the game are untouchable. Nothing and no one may change them. We will pursue the state reform. We will continue to transfer to the private sector everything that is being managed by the state. We will strictly pursue the market economy system."

Menem noted: "We will balance accounts; they (the accounts) already are balanced. And we will achieve a fiscal surplus in order to withstand, as of today, any type of crisis such as the one we are currently experiencing and overcoming."

Discussing recent measures, the president noted: "The economic team never gave up." He explained: "Everyone was convinced that this difficult situation would be overcome."

Menem indicated: "It happens that many times we overlook positive events." He subsequently gave an account of various government achievements.

The president posed this quesetion: "Who in Argentina would have believed a few years ago that we were going to reform fairly closed labor laws that were hindering the possibilities of a more flexible relationship between capital and labor?"

Menem then asked: "Who would have believed that we would have laws for the PyMES [Small and Medium-Sized Enterprises]?" Afterward, he mentioned the tax and social security system reforms sponsored by his administration.

With regard to the entrepreneurs who sponsored the Argentina Bond, Menem noted that they risked their necks "for their people and for Argentina." He emphasized: "Such a step has never been taken during this century."

Menem noted: "At present, Argentina Bond subscriptions exceed 1 billion pesos. Therefore, all projections have been surpassed." He thanked the businessmen for this gesture.

Menem added: "This encourages us to pursue our efforts, enduring all the hardships that are required for Argentina to again become the grand country that we used to be in other times."

Menem said, in conclusion: "Let us not relax our efforts for our fatherland, our people, and the grandeur of our nation."

More on Bond, Other Issues

PY2303194095 Buenos Aires TELAM in Spanish 1513 GMT 23 Mar 95

[FBIS Translated Text] Buenos Aires, 23 Mar (TELAM)—President Carlos Menem today emphasized that if any government official is involved in the arms sales to Venezuela, which were subsequently diverted to Ecuador, he or she will have to resign, after the appropriate proceedings to determine responsibilities.

Menem told Radio Libertad: "A careful investigation into this issue has been determined. If there are any people in government circles who are involved, they will have to resign. They will be asked to resign, after the appropriate proceedings."

The president added: "The U.S. company that purchased the arms, under the condition of taking them to Venezuela, and subsequently engaged in some type of maneuver, is mainly responsible."

The president pointed out: "We have no confirmation that these arms have been delivered in Ecuador, where the plane carrying them reportedly made a stopover."

Asked if any additional precautions had to be taken after the international financial crisis, Menem said: "Pursuant to the information I have received and the reports that Minister (Domingo) Cavallo sends me every day, I can assure you that this situation will be overcome within the next few days."

Menem emphasized: "It will not take a long time, and then we will be in the position of categorically stating that the crisis has been overcome."

With regard to the "Argentina Bond," based on entrepreneurial contributions, Menem noted: "This represents an attitude of vast patriotism, mainly aimed at upholding a system that, beyond any shortcomings it might have, has already given much satisfaction to Argentina."

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Menem emphasized: "I believe the entrepreneurs who have subscribed to this bond, to the tune of a sum involving more than 1 billion pesos, have a patriotic spirit, with a strong concern for our country."

Asked if the attitude taken by the Argentine entrepreneurs would favor foreign investments, the president said: "It is already happening; otherwise, the investments that are currently reported in all sectors would not be arriving."

Menem said: "Investment trends are growing every day and this represents irrefutable evidence that Argentina is a trustworthy country."

Menem noted: "Many commentaries by some newspapers from large international centers are very favorable and tell the investors to come and invest in our country."

Cavallo Guarantees Payment of Foreign Obligations

PY2303194195 Buenos Aires TELAM in Spanish 1825 GMT 22 Mar 95

[FBIS Translated Text] Buenos Aires, 22 Mar (TELAM)—Economy Minister Domingo Cavallo today emphasized that the payment of Argentina's foreign obligations is guaranteed. He announced that a $1-billion bridge loan is available from the Bank [for International Settlements] of Basel and that the IMF would send $1.5 billion in loans approved for our country.

The minister said: "Possibly tomorrow IMF Managing Director (Michel Camdessus) will make a decision on the letter of intent that we sent to the (IMF) board of directors and we will be informed of the date for the first disbursement, which will total more than $1.5 billion."

Cavallo emphasized that "the punctual payment of all the public debt—both domestic and foreign public debt—principal in 1995 and a money supply of more than $3 billion to favor the capitalization and privatization of banks" is guaranteed.

During the Argentina Bond launching ceremony at the Stock Exchange yesterday, Cavallo indicated that the negotiations with the IMF on a one-year extension for the extended fund facilities have been completed.

Cavallo explained that the first disbursement would total $1.7 billion, "as the operation would probably be increased from $2.4 to slightly over $2.7 billion, the maximum amount to which we have access under ordinary conditions."

Cavallo announced that the Bank for International Settlements of Basel "has agreed to consider a $1-billion bridge loan for us to secure the funds that the World Bank and the IDB [Inter-American Development Bank] will disburse."

Cavallo pointed out that the success of this operation with the Bank [for International Settlements] of Basel (an association of central banks of the "Group of Ten") relies "on some conditions that we must meet, as these loans involve reserve funds from the central banks, requiring guarantees in all cases."

Cavallo added: "Therefore, we require congressional approval for using the YPF [Government Oil Deposits] stock for the Trust Fund that will support the capitalization and privatization of provincial banks and for offering it as a provisional guarantee."

Cavallo said: "The support that we are receiving opens the possibility of a prompt disbursement of three loans by the two multilateral institutions that normally join the IMF: the World Bank and the IDB."

Cavallo noted: "These loans total $1.5 billion each, but involve prompt disbursements totaling $500 million."

Cavallo also mentioned remarks made by international bankers, noting that our country inspires confidence "after this gesture by our country's entrepreneurs and investors of taking the initiative to subscribe to the Argentine portion of this bond."

Government Opens New Radioisotope Production Plant

PY2303174795 Buenos Aires PAGINA/12 in Spanish 21 Mar 95 p 16

[FBIS Translated Text] Argentina will be the third world producer of Technetium-99, the most broadly used radioactive substance in nuclear medicine. The opening of a new technetium plant at the CNEA [National Commission for Atomic Energy] Atomic Center in Ezeiza was announced yesterday. The design, engineering, and construction are Argentine. The technology is of German origin. The total investment was 6 million pesos. Technetium-99 is used in the diagnosis of coronary artery diseases, fractures, and the detection of cancer metastasis.

Plant director Pablo Cristini said: "Argentina will only be behind Belgium and Canada in the production of this medicinal radioisotope because the new installation foresees a 10-fold production increase." Radioisotopes production is measured in Curies, the unit that registers radioactivity. Argentina had been producing 200 curies per week. The new plant will produce 2,000 Curies per week. Each patient needs only a few millicuries for a test. Cristini said: "So far we could only cover local hospitals demand. The plant's main technical requirement is to produce enough to export," the director said. "The plant is subordinated to the CNEA Radioisotopes and Radiation Administration."

The plant is protected by 30 cm lead walls and access is through a 17 tonnes hydraulic door. Tele-manipulators, or large robotic arms, are used by operators at a distance behind thick glass walls. Technetium-99 has a very short useful life—only 67 hours—which makes it impossible

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to maintain stocks. The plant will work from Thursdays to Sundays to supply diagnosis centers on Mondays.

Hernan Garcia del Rio, deputy chief of nuclear medicine at the German Hospital, said: "Technetium-99 is used to mark substances which become radioactive. Substances are injected in the organism and are followed to see in which organ or part of an organ they get fixed. This permits doctors to determine the way an organ is functioning." The most common practice is to mark a substance called MIBI [expansion unknown] with Technetium-99. The substance gets fixed to the myocardium (cardiac muscle), allowing doctors to diagnose coronary insufficiencies (faults in the arteries irrigating the heart) or whether parts of the myocardium are not working as a consequence of an infarct. When added to a phosphorus derivative that gets fixed to bones, Technetium-99 enables doctors to detect hidden fractures. Unlike X-rays, this substance reveals the bone's condition and also its metabolism. Similarly, doctors can detect bone cancer derived from metastasis or, by fixing Technetium-99 to other specific substances, they can look for cancer in kidneys, suprarenal glands, the brain, or other organs.

Analyst Considers 'Worst' of Financial Crisis Now 'Over'

PY2403021895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2101 GMT 23 Mar 95

[Special report for NOTICIAS ARGENTINAS by Daniel Naszewski]

[FBIS Translated Text] Buenos Aires, 22 Mar (NA)—With a delay of some days, the Central Bank has begun to regularly publish information on the movements of deposits in pesos and dollars in the financial system. An analysis of these data shows that the considerable flight of capital that has been occurring since the onset of the Mexican crisis in December 1994 has finally eased off, though it has neither been halted nor will it be reversed overnight.

It has been estimated that, so far, the withdrawal of funds from banks ranges between 6.5 and 6.9 billion pesos, which represents nearly 15 percent of the total deposits of 45 billion pesos. Still, the lending capacity of the system did not decline at the same rate but rather at a much lesser degree, due to the fact that when the crisis broke out the BCRA [Central Bank of the Argentine Republic] had very high levels of legal reserves (the stock of money banks must set aside and not lend). This enabled the BCRA to pursue a very active monetary policy, reducing these legal reserves, which preempted a shrinkage in loans concurrent with the slippage in deposits. Thanks to the lowering of reserve requirements, the overall lending capacity of banks only declined by some 600 million pesos. What is more, the lending capacity in dollars even expanded, as a result of the lowering of reserve requirements and of the substantial withdrawal of deposits from accounts held in pesos.

This leads to several considerations. The first one is whether a 15 percent contraction in deposits over a period of 90 days is "a lot" or "very little." The answer is that if one examines this issue objectively one can see that even although it is a considerable sum it is not all that terrible, considering the causes that triggered this whole affair, namely the Mexican crisis, which was and continues to be devastating. The impact the Mexican situation generally has on the entire Latin American region is well known. Suffice it to recall that the debt crisis also originated in that country in 1982, unmistakably marking the 1980's by plunging Latin America into so deep a stagflation that those years were subsequently characterized as "the lost decade."

Based on these data it seems that convertibility, and the resolute political decision made since 19 December to "not throw in the towel" or let events take the upper hand, as happened in the past, is slowly paying off. Three months have already elapsed since the beginning of the crisis, and Argentina has not devalued its currency (and neither President Carlos Menem nor Economy Minister Domingo Cavallo entertain any such ideas) and the loss of deposits amounted to "only" 15 percent of the total. Hence, it all leads one to conclude that the worst of the external "shock" is over.

This does not mean that one can play down the crisis or its implications, especially as they are affecting three sensitive areas (the fiscal, banking, and external sectors), however, one has to try to see things in their right perspective, and realize that at other times in Argentine history a turbulence on world markets like the one following the devaluation of the Mexican peso would have caused our country to fall into a similar or even worse crisis. In this case, three months have passed and the dreaded "domino" or "tequila" effect has been staved off by dint of a very active policy, which although extremely harsh, prevented Argentina from being swallowed up.

The reverberations of the Mexican crisis are still being felt, and the battle continues to precipitate a belated purge of the banking system, which is finally being undertaken "by force." The price the banks are paying is that the untrustworthy ones continue to see their deposits withdrawn, to the advantage of those banks in which savers do have absolute trust. This is an inevitable phenomenon, which has more to do with the banking establishments themselves than with what government officials can do. An indiscriminate bail-out of banks is neither advisable nor possible. The BCRA is at present trying to establish safety networks that include the merger and closure of banks with the least possible cost to savers. Nevertheless, this is neither easy nor yet completed.

Moreover, the significant run on banks and the dread of an economic crisis have given rise to a problem that is expected to be only transitory, namely the dwindling fiscal revenues. This is partly due to an increase in tax

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evasion, and partly to the fact that many sales decisions were put off "until things clear up." The fact is that consumers' caution is being reflected in tax collection, which is heavily dependent on consumption taxes like VAT [value added tax]. Once this banking crisis is weathered, tax revenues should reach previous levels, which, incidentally, are not ideal.

Finally, the third impact of the Mexican crisis is the reduction in international financing granted to emerging economies, including Argentina. This has been compounded by the slump in the value of the dollar throughout the world. The resultant effect in Argentina is quite specific. It will be impossible to refinance maturities of debt principal (repayments) as was expected. This led Cavallo to reformulate the financial and fiscal strategies for 1995 so that the country might adopt an approach of "living within our means." It will not be an easy year for us, but had we followed the Mexican example and devalued our currency it would have been infinitely harder on Argentines' pockets.

Drug Trafficking 'Inner Sanctum' Discussed

PY2303163095 Buenos Aires LA PRENSA in Spanish 20 Mar 95 p 20

[FBIS Translated Text] Last November saw the return of a drug trafficker who was a legend in that no-man's land—a government- subsidized low-income housing development called Ejercito de los Andes—better known in crime circles as 'Fort Apache.' He is Juan Coria, alias "Vivo." He was one of a handful of kingpins that monopolized domestic trafficking until about three years ago when he ended up in Devoto penitentiary for peddling illegal drugs. A member of the Buenos Aires Province Police Intelligence told LA PRENSA newspaper that "some of the rules of the trafficking gangs in the district were modified following his recent return. Now those groups are literally engaged in a pitched battle to the death, with shooting at night and settling of accounts nearly every day."

One death every 10 days, one wounded every 28 hours, and vengeance marked with blood on walls is the conclusive evidence of the violence that prevails in this citadel of terra-cotta high-rising apartment buildings just six blocks from the General Paz [ring road].

It is not easy to enter 'Fort Apache' if one is not a "familiar face" for local dwellers. Scores of people observe and "mark" visitors without taking their eyes off them. Then they threateningly approach to nose around or definitely expel the intruders. Watchmen posted at windows notice any strange movement and via a sophisticated system of whistles, "alert" the whole neighborhood.

There is an inner sanctum within 'Fort Apache.' It even has a doorkeeper—a 10 year old boy called "El Moneda"—who acts like the watch-dog at the doors of hell. He is posted at one of the approaches to the sanctum—the one that links a shantytown with Block 13 [nudo 13]—and challenges anyone who wants to go in:

"Do you have a coin, old man?"

If the answer is negative, the boy insists:

"Come on, give me a peso. Give me your watch, then."

That boy, who is no taller than 1.20 meters, insists with the conviction of someone who knows he will get what he wants. If the visitor adamantly refuses to surrender his money, "El Moneda" wields a 15-cm dagger and ends any controversy.

Policemen who "patrol" the area told LA PRENSA: "The neighborhood has not been as violent in years. Things calmed down for a time, but since November it has been pretty rough again." They assure that the date coincides with the release of "Vivo" Coria.

Northern Ciudadela police precinct is situated opposite Block 13. It has 30 men—six per shift—under the command of Police Chief Superintendent Osvaldo Navarro. Policemen and judges agree that the trafficking gangs have weapons that far outdo those of the police. War weapons of all calibers, Itaka shotguns, FAL light automatic rifles, and grenades. The strategic location of the apartment blocks render any type of police intervention virtually impossible unless a major operation of let us say, 200 men, is mounted. This is why the police have so far resigned themselves to keeping the criminals within 'Fort Apache.'

This is detrimental for thousands of working-class families that own an apartment there. Estimates by 'Fort Apache' dwellers show "there are no more than 300 dangerous crooks, but the remaining 80,000 have to carry the can." Ramon, who lives in Block 3 and works at a car repair shop near the district says: "We cannot get jobs and schools turn down our children because we live here. I always have my heart in my mouth. Each time I hear shots, I rush to my place to see if something happened to my wife or daughters."

Until some days ago, the walls of the buildings were a silent witness to the clashes between drug trafficking gangs. Crosses painted by names and dates, and graffiti swearing vengeance testified to the "war" in action. Miraculously, in the run-up to the elections, the walls have been whitewashed.

The hit list started late in November when Claudio Kasunic, 25, and Honorio Gonzalez, 26, were found dead—shot in the neck. The murderers brutally told the mother of one of the youngsters: "Here is your dead son, ma'am." One of the youngsters lived in three-storeyed Strip 52 [tira 52], the other in Block 6. Just 23 days later, Roberto Aquino Quinones, 19, was also murdered. He lived in Block 1.

The number of dead increased over the next few days. At 0200 on 1 January, while the entire population of

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Buenos Aires was watching fireworks displays, Mellington Mora and Eduardo Martinez were murdered and seven others were wounded in a confusing shoot out which, according to witnesses, started with the theft of a bicycle. A month later Christian Vazquez, 23, died when someone put a shotgun in his mouth. "This is the way 'buches' (informers) die," was the excuse given by the murderers before leaving the scene.

Each death has a special and absurd reason in 'Fort Apache.' They are multiple and reciprocal settlings of accounts. Among the most common reasons for the murders are: one gang kills a member of another gang; someone keeps part of the drug money; or there is a problem with the cocaine market or territory.

Things got really hot at 2030 on 20 February. Two gangs of 10 individuals each faced each other in a shoot out at Intersections 10 and 11. The incident lasted over 15 minutes and witnesses said they saw "Vivo" carrying a sub-machine gun and firing like in the movies. When the police arrived they only found two dead bodies and one person wounded. The bodies were those of Claudio Aguirre and Sergio Silvero. Marcelo Velazquez had a bullet in his left thigh.

The police told LA PRENSA that despite the confrontations everyone respects the rule of silence with strangers. Velazquez, wounded and with several spend cartridges in his pocket, said:

"I was walking by when I heard the shots and decided to collect some empty shells to give them to the police."

They did not believe him but had to let him go for lack of incriminating evidence. Shortly afterwards, a woman bathed in blood swore on the life of her children: "Officer, I saw nothing."

To survive in 'Fort Apache,' first, see nothing and second, never open your mouth. "Speak and die," neighbors have said. This neighborly code also advises people never to report anything to the police: "If they kill one of your sons, you kill one of their sons." It is the best solution—one that is as old as the philosophy of an eye for an eye...

'Fort Apache' Informer Interviewed

PY2303195695 Buenos Aires LA PRENSA in Spanish 20 Mar 95 p 21

[Interview with unidentified former drug trafficking gang leader turned informer by unidentified reporter at a government-subsidized low-income housing development called Ejercito de los Andes, better known as 'Fort Apache;' date not given]

[FBIS Translated Text] The informer—very scared and smiling very little—received a LA PRENSA reporter near the entrance to 'Fort Apache' saying: "This will cost me my life."

"Pretend you are looking for 'merchandise' (cocaine)," the informer ordered. Later, when in neutral territory and drinking mate he stated: "Mention my name or where I live and I will be dead." The deal, as a basic condition for contact and agreement to the interview, was not to mention anything that might identify him, least of all to take pictures. "Not even from the back." His main work today is as a local drug "dealer."

[LA PRENSA] How many gangs operate in the neighborhood?

[Informer] There are several gangs in 'Fort Apache,' at least a dozen. Each block [nudo—high rise building] has its own gang. For instance, Block 10 is controlled by Juan "Vivo" [Coria] and his group. Strip [tira—long, three or four storey buildings] 6 is controlled by "El Moco" and "El Nene." The guys in Blocks 11 and 13, "beat up" people passing by. Then there are Blocks 1 and 9.

[LA PRENSA] Why are there confrontations every day?

[Informer] The problem is with the "merchandise." When "Vivo" was "in prison" everyone went about their own business and no one had any problem. Sometimes you could hear "firing," but that was all. In November, Coria got out of the Devoto prison and wanted to take over the entire neighborhood as in the past, but things have changed a lot lately.

[LA PRENSA] Is he not acknowledged as in the past?

[Informer] "El Moco," "Vivo," and the people from Blocks 1 and 9 met and divided the neighborhood among themselves. After the killing of Aquino and Vazquez [youths recently murdered in 'Fort Apache'] the people from Blocks 1 and 9 decided they did not want any more "nonsense" and accepted "Vivo's" leadership. It seems "El Moco" decided to stand up to "Vivo" and told him that they had won their share and were not going to give it up just like that.

[LA PRENSA] Did that start the war?

[Informer] No, the trouble started earlier when "Vivo" was still in Devoto. About a year and a half ago, the group in Strip 6 killed "Cabezon" (Enrique) Coria, one of "Vivo's" nephews. This young man was important in "Vivo's" gang. "Vivo" loved him and swore revenge.

[LA PRENSA] Is that the reason for all the bloodshed in the past few months?

[Informer] Yes. It is believed Kasunic and Gonzalez's [youths recently murdered in 'Fort Apache'] deaths had something to do with it; that is what people say. "Vivo" was there with a submachine gun in the 20 February shootout. It seems the people from Strip 6 and Block 11 joined forces to hit him. "El Ciru" (Silvero) and "El Enano" (Aguirre), the two killed in the shootout, came from Strip 6.

[LA PRENSA] How is "Vivo's" gang made up?

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[Informer] His gang is from Block 10. His right-hand man is his cousin "El Turco" Coria. Third in importance is "Sonrisal," a fellow that looks very like Juan ["Vivo"]. He is tough and will kill anyone. If he does not like your face, he takes out his gun and you cease to exist. "El Duende" provides arms for the gang members and handles fights with other gangs.

[LA PRENSA] What about the gang from Strip 6?

[Informer] The bosses are "El Moco" and "El Nene." They are always accompanied by bodyguards. The capitalists are "El Mano" and "El Rengo Chelo." They purchase arms and "merchandise." They have a taxicab agency below Strip 6 as well as a paddle court and mini-soccer fields. They use these facilities to launder money and give the gang mobility. There are other heavyweights like "El Gay" Ariel, "El Bicho," and "Penke hijo." His father is in prison for the murder of "Chilavert."

[LA PRENSA] How many people make up a gang?

[Informer] Each gang has between 25 and 40 members. The "young ones" are between 14 and 30 years old. Most are "drug addicts."

[LA PRENSA] How is the cocaine obtained?

[Informer] Here, we do not have "kitchens" as the police allege. The "powder" comes from abroad. Had the "kitchen" been here, we would all be in jail because it would have been too noticeable. There is a lot of it. About 100 kg is being sold and purchased all the time. There is never less than that around. The drug enters "in small amounts" and leaves the same way. The police will catch you if you enter or leave with 10 kilos.

[LA PRENSA] It is said that there is an arsenal at 'Fort Apache.'

[Informer] (Laughing) Here you can get anything you want. Those with heavy weapons, like "La Garza" (Oscar Sosa Aguirre, a recently arrested criminal who worked for Luis Valor, the boss of the super gang) do not come here any longer because it is no longer safe, but those who remained have FAL [light automatic riffles], Itakas [shotguns], Uzis, 9 mm guns, 45 mm guns, and grenades. There are guns to suit every taste.

[LA PRENSA] What other gangs are there besides the heavy ones?

[Informer] The other gangs are no longer important. They decided to fall in behind the large gangs. There are little groups like the one in Block 13 which is headed by "El Moneda," but they all comprise 10 to 16 year old. Among them are Sara "La Pechos;" "El Viejo," who moves in a wheel chair; and "Manzi," who is 10 years old. The group in Block 11 is also made up of "youngsters." They include "El Coker" and "Garron," but they are not worth much at this time. The thing is between the heavy gangs, between the gangs of Strip 6 and Block 10. We will have no peace in 'Fort Apache' until these gangs reach agreement.

Irish President Arrives on 3-Day Official Visit

PY2003211395 Buenos Aires TELAM in Spanish 1242 GMT 20 Mar 95

[FBIS Translated Text] Buenos Aires, 20 Mar (TELAM)—Irish President Mary Robinson arrived in our country at 0940 today on an official three-day visit. She is scheduled to meet Argentine President Carlos Menem today.

Robinson was met at the "Jorge Newbery" metropolitan airport by Vice Foreign Minister Fernando Petrella; Lieutenant General Mario Candido Diaz, the joint chief of staff; and apostolic nuncio Monsignor Ubaldo Calabressi.

Endorses Establishment of White Helmets

PY2103221295 Buenos Aires TELAM in Spanish 0000 GMT 21 Mar 95

[FBIS Translated Text] Buenos Aires, 20 Mar (TELAM)—On 20 March, Irish President Mary Robinson confirmed her support for the establishment of the White Helmets to combat poverty and hunger in the world, a proposal put forward by President Carlos Menem.

A high-ranking source close to the Foreign Ministry stated that "Ireland was one of the countries that endorsed the Argentine proposal of creating the White Helmets at the United Nations. President Robinson has reiterated her decision to support this endeavor."

The president of the Irish Republic, who met with Menem at Government House today, underscored the common ground between the Irish and Argentine Governments concerning the search for peace and world disarmament.

The diplomatic source reported that both countries have sent contingents to join UN peacekeeping forces and have signed the Nuclear Nonproliferation Treaty.

The same source pointed out that the two presidents were of one mind about the need to increase efforts to boost trade between the two nations.

Bilateral trade was just over $33 million in 1994 with the Irish Republic having a surplus of $19.1 million.

Sunflower pellets [preceding word in English], grain used as fodder, wool, and knitwear are among the leading Argentine exports to the Irish Republic, whereas Ireland's main exports to Argentina include organic chemical products, plastic goods, and pharmaceutical products.

In the field of culture, the two heads of state agreed to further an agreement between Cordoba National University and Dublin University on the exchange of researchers, lecturers, and students.

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Some of the issues discussed during the working meeting held at Government House in the morning were broached once again at the Foreign Ministry in the afternoon.

Argentine Deputy Foreign Minister Fernando Petrella and Irish Foreign Affairs Secretary Noel Dorr also held a meeting during which "they evaluated technical questions concerning the implementation of political decisions adopted by both heads of state," according to the diplomatic source.

Bolivia

President Demands Regional Solidarity To Regain Sea Outlet

PY2403033195 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 23 Mar 95

[FBIS Translated Text] Bolivia has demanded the solidarity of its neighbors in recovering its captive seacoast. Homage was paid today to the Topater hero Eduardo Abaroa, who 116 years ago defended the territory usurped by Chile.

In addition to stressing Abaroa's image as an example of dignity, President Gonzalo Sanchez de Lozada asked the countries of the continent to express solidarity so that Bolivia might be able to recover its non-renounceable outlet to the sea.

[Begin Sanchez de Lozada recording] There is no doubt that Bolivia demands creativity, generosity, and boldness from all its neighbors in beginning a regional integration process that will allow us to become great world actors. There is no doubt that all of our neighbors, and especially Chile, will accompany us and will listen to our clamor and to our needs, because only in a united manner and in resolving our problems will we be able to become integrated and face a new millennium, a new century of prosperity and stability for our people.

Our national dignity, which will never be erased through the example of what happened that 23 March, forces us to look profoundly at the current situation we are living through. Bolivia aspires to become a nation not feared by anyone but respected by all, proud of its achievements and confident in its future. [end recording]

According to the president, the resolution of historical conflicts will be decisive in allowing the continent to begin a new century and millennium of integration. He said:

[Begin Sanchez de Lozada recording] There is no doubt that when a man has his foot cut off, he keeps feeling that foot as if it were still there. There is no doubt that the rights of nations cannot be erased with violence. But it is also true that at this moment Bolivia is looking with maturity, with boldness, and with creativity at the use of new weapons of deterrence and of harmony in order to find solutions to a right that will never be forgotten. [end recording]

Denies Cabinet Reshuffle Report

PY2303155895 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 23 Mar 95

[FBIS Translated Text] President Gonzalo Sanchez de Lozada has denied that he has any plans to implement a third cabinet reshuffle in the short term.

Through a communique signed by Presidential Secretary Irving Alcaraz, the government denied reports about the so-called cabinet reshuffle.

The communique states: In compliance with the Constitution, it is the president's prerogative to implement any cabinet changes, and thus far the president has not discussed any alleged cabinet changes with the MNR [Nationalist Revolutionary Movement] leadership.

Machicao Denies Enforcement of State of Siege

PY2303160095 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 23 Mar 95

[By Jorge Gimenez]

[FBIS Translated Text] Social Communication Minister Ernesto Machicao has said that despite the increasing social conflict, the administration has no intention of decreeing a state of siege for the time being. Nevertheless, the government has already arrested several teacher union leaders, while the Army and the Police have been mobilized.

According to Machicao, the executive branch is awaiting the resumption of the dialogue among the COB [Bolivian Labor Federation], the teachers union, and the government. Nevertheless, labor representatives have already warned they will be adopting more radical measures of force.

Cardenas Opposes Compulsory Eradication of Surplus Coca

PY2303210595 La Paz PRESENCIA in Spanish 11 Mar 95 p1

[FBIS Translated Excerpt] Santa Cruz—Victor Hugo Cardenas, acting president of the Republic, has asserted that there will be no compulsory eradication of coca plantations to fulfill the goal established by the United States of eliminating 1,750 hectares by 31 June [date as published], because that is not what the government has in mind.

Cardenas asserted that "compulsory eradication contributes to nothing, and only generates social violence," and reiterated the need to adopt a common drug enforcement policy toward which the political parties have been invited to participate in a political summit. The ministers in this field have already begun preliminary contacts

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with the various organizations with the purpose of establishing an agenda and date for the meeting.

He said that if it is decided to implement compulsory eradication he will voice his opposition.

Previously, President Gonzalo Sanchez de Lozada had asserted that he will make sure the law is respected, and that "illegal coca" will be eradicated by force, seeking consensus in voluntarily eliminating surplus production. [passage omitted]

Coca Growers: U.S. Encourages Precursor Production

PY2303184195 La Paz LA RAZON in Spanish 11 Mar 95 p A9

[FBIS Translated Text] Cochabamba—Coca growers today charged that the United States, through its repressive policy, encourages the manufacture of drug production precursors throughout the world.

Coca grower leader David Herrada said the U.S. Government is exerting pressure on Latin American governments to repress the coca growing peasants, while it remains the "biggest marijuana producer in the world."

Herrada asserted: "The United States needs significant antinarcotics operations in Latin America to protect its interests in the trading and free export of chemicals and drugs."

He said the U.S. and Bolivian Governments want national and international opinion to react against coca growers "and thus justify the militarization of the antinarcotics struggle."

Herrada said coca growers in the Cochabamba tropical region will oppose and react against any attempt to the compulsory eradication of their plantations "because it is their only source of survival."

The peasant leader said that in Bolivia, namely in Chapare, there are no Colombian criminals engaged in producing cocaine paste "because in more than 1,000 drug enforcement operations, they never caught any Cali or Medellin Cartels kingpins.

He admitted that coca plantations were not reduced during the past months "because the government did not implement the alternative development program and systematically neglected the Cochabamba Tropic Development Master Plan."

Moreover, he described as false U.S. charges that Bolivia is the second largest coca producer in the world.

Herrada added: "There are 48,000 hectares of coca plantations in Bolivia, 8,000 in Colombia, and 300,000 in Peru."

The peasant leader asserted that "it is untrue that a great part of the cocaine consumed in the United States comes from raw materials processed in Bolivia: "Even Interpol believes only 10 percent of the cocaine in the United States is produced in Bolivia."

Politicians Willing To Attend Summit on Coca-Cocaine Circle

PY2303191095 La Paz HOY in Spanish 4 Mar 95 p 2

[FBIS Translated Text] Max Fernandez Rojas, top leader of the Solidarity Civic Union [UCS], said he was fully willing to participate in the political debate summoned by President Gonzalo Sanchez de Lozada in the search for agreed upon solutions to the problems posed by the coca-cocaine circuit.

"We have wasted almost two years, and I believe the time has come to stop being egotistical and start working in unison for the country's sake," stated Fernandez as he announced his willingness to participate in the meeting summoned by the president.

Max Fernandez, who maintained a bitter argument with the government some months ago, said: "Personally I need nothing from the government, but I also believe that we must all work for the well-being of the country and seek solutions to the problems that have been neglected for so long."

He added: "Therefore, I am willing to attend this meeting and, with my modest efforts, contribute to the search for a solution to this serious problem that affects the country and the entire world."

Condepa [Conscience of the Fatherland] has still not adopted an official stance regarding the meeting summoned by the government to draft a joint drug enforcement strategy with the leaders of the various political parties.

Condepa Deputy Eduardo Paz stated that he personally believes "the invitation for a meeting should be seriously taken into account," because it refers to a problem undeniably of national interest and, therefore, a solution satisfying that national interest must be sought.

Paz added that Congress has already become aware of the need to draft a joint strategy through the Drug Enforcement Commission, and this could be a good start for the dialogue.

He said, however, that the government should draft a more specific agenda so that the various political parties may state their positions, because the dialogue should be based on solid grounds.

He thus explained that his party's leadership will meet during the coming weekend to formulate its stance regarding the government invitation, which should not be used, however, to let the governmet alone "pull the chestnuts out of the fire."

The Nationalist Democratic Action [ADN] is also willing to attend the summit of political leaders with the purpose of drafting a national drug enforcement strategy,

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according to information disclosed yesterday by ADN first deputy leader Jorge Quiroga.

After learning about the government invitation extended by President Gonzalo Sanchez de Lozada, Quiroga said it was necessary to seriously resume the dialogue "due to the responsibility with which the country must tackle drug enforcement."

Quiroga asserted: "ADN has always been willing to hold dialogue, and hopes the summit will be the appropriate scenario for an open discussion that will put an end to the show" [preceding word in English].

According to Quiroga, proposals and criticisms with regard to the way this subject has been handled and the mistakes made thus far should be raised during the summit to determine whether there is any intention of amending them.

The ADN leader asserted: "We hope the summit will not be a failure, and that the criticisms will be heard."

He admitted that a similar initiative had failed in the past due to the negative reaction of opposition parties, "but now the ADN has the best intentions to listen to others."

According to Quiroga, his party has concrete proposals based on its experience in the government and questions, for example, the fact that only 90 hectares of coca plantations have been eradicated so far, while duirng the former Patriotic Accord administration the amount reached 450 hectares.

"We must raise the issue at the negotiating table and now blame the U.S. Embassy and Evo Morales for the failure of the drug enforcement policy," said Quiroga as he urged the government to adopt a receptive attitude.

The political summit called by President Sanchez de Lozada should review the agreement signed with involved sectors, taking into account the approval by the national Congress. This was stated yesterday by Guido Riveros, MIR [Movement of the Revolutionary Left] bloc leader in Congress.

He thus reiterated that the Executive Branch should fulfill the commitment signed in September with the coca growers designed to launch a campaign to legalize coca leaf and amend Law No. 1008.

Asked whether his party will attend the summit, he said that decision should be taken at a partisan level and announced a meeting of the MIR leadership in the coming days, during which the party's official stance regarding the invitation would be disclosed.

However, Riveros said that he personally believes the head of state's invitation should be accepted, while demanding that the government act seriously and responsibly, and demonstrate its willingness to listen to the opinions and proposals of the remaining sectors of society, as well as those put forth by the political parties.

He said he hoped that the debate would not become stagnated, as was the case with a previous invitation. In his opinion, suspension or stagnation of the debate, rather than facilitating dialogue, only causes greater confusion and lack of confidence regarding the subject.

The MIR deputy insisted that if the debate is carried out, the first thing that must be done is to reassert the commitment signed last year, to prove that the government is acting seriously. He recalled that it is a commitment, not only with a sector of the society, but with everyone, because the commitment was ratified by the first state power, that is, the legislative branch.

'Condor' Operation Mobilizes Police From 5 Countries

PY2403010795 La Paz PRESENCIA in Spanish 19 Mar 95 p 7

[FBIS Translated Text] General Simon Sejas Tordoya, commander of the Special Antinarcotics Force (FELCN), yesterday reported that a huge antinarcotics operation called "Condor," which began on 15 March, has mobilized antinarcotics policemen from Brazil, Colombia, Venezuela, Peru, and Bolivia.

"The FELCN staff has prepared a number of operational plans for 1995, and the "Condor" operation, which is being carried out at this moment, fulfills one of those plans, and has been in effect since 15 March in Santa Cruz, Beni, and Pando," Gen. Sejas Tordoya said.

He rejected reports concerning the mobilization of a nonexistent number of "Red Devils" from the FAB [Bolivian Air Force]. According to official data, there are no more than 50 soldiers involved, most of them military pilots.

"It is obvious that the FELCN has been carrying out, since last year, two operations: 'Border Crunch,' which began on 7 November 1994, and 'New Dawn' since July 1994," he recalled.

"This operation (Condor) is within the New Dawn plan, is a joint operation with Brazil, and is being carried out in coordination with antinarcotics policemen from Brazil, Venezuela, Colombia, and Peru, but not with Ecuador, because of the problems you are familiar with," he said.

Gen. Sejas Tordoya added that troops from the Mobile Police Units for Rural Areas (Umopar) are carrying out antinarcotics operations in search of international drug traffickers linked to the Cali cartel, and confirmed that the "Condor" operation is part of a subcontinental plan for the antinarcotics struggle.

According to Sejas Tordoya, over 100 policemen were mobilized, in particular toward the northeastern part of the country, which is considered an area where dozens of Colombians linked to international drug trafficking cartels can be found.

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The dismantling of the group led by former Frigate Captain Oswaldo Sacate Justiniano has confirmed several theories about the presence of Colombian traffickers in Bolivia. Government officials are concerned, however, not only over the presence of presumed Cali cartel members, but about the violence they employ in places where they are working. An officer who participated in the investigations by the judicial police into this case told PRESENCIA that "the investigations carried out on the narcomarines [Navy personnel involved in drug trafficking] established the murder by his own accomplices of a Colombian citizen nicknamed 'Nacho,' who was found dead at the El Maral farm."

The FELCN's fears have been confirmed during the development of the "Condor" operation. "Several people were arrested in the eastern part of the country, among them several Colombians," a source close to the FELCN General Command said.

The FELCN commander told PRESENCIA: "The presence of Colombian drug traffickers exists, and our objective is to arrest these foreigners." He added: "There is no official report yet, but we have been informed of the arrest of some of them, although everything is under investigation."

The alarming situation of the growing presence of international "drug traffickers" has also alerted President Gonzalo Sanchez de Lozada. Gen. Sejas Tordoya said: "Upon orders from the president of the Republic we have increased control and are intensifying patrols throughout the national territory. We have clear examples of the aggressive head-on fight we are conducting against drug trafficking."

He added: "The objective is to capture drug traffickers, to destroy laboratories and clandestine runways, and to seize drugs and properties belonging to people linked with drug trafficking."

Deputy: Country Risks Losing All Foreign Credits

PY2303215295 La Paz PRESENCIA in Spanish 11 Mar 95 Section 2 p 1

[All quotation marks as published]

[FBIS Translated Text] Tarija, 10 Mar (PRESENCIA)—Chamber of Deputies President Javier Campero Paz said today that Bolivia risks losing all foreign credits as a result of the U.S. "imposition" to eradicate 1,700 hectares of surplus coca crops in Cochabamba and Chapare. He added: "Bolivia must be capable and creative. We must structure a strategy in harmony with all Bolivians and all Latin Americans and improve our negotiations with the United States.

He warned that if we do not negotiate with the United States on the coca issue, Bolivia will be taken off the list of countries receiving foreign credit. This would have serious consequences because current revenues cover only 80 percent of expenditures. "He explained that the remaining 20 percent for all public investment and to cover the deficit between income and expenditures needs foreign financing or the situation will become extremely serious."

He said Bolivia can accept the U.S. "imposition" within the framework of new negotiations on the surplus coca issue, especially considering the situation of the consumer countries, namely the United States.

Stating that the coca issue must be faced equally between producers and consumers of drugs, he mentioned "three necessary steps" from his point of view, to reach a national accord.

First; to establish national policies to see how to deal with the surplus coca issue in Chapare, which cannot be ignored. Second; to approve a strategy of replacement products in the coca production zones and to create a development pole to change the trafficking economy.

Finally; to stress the co-responsibility and co-participation of countries, especially the consumers, to achieve great agreements so that Bolivia can improve its level of negotiation with the United States on the coca production issue.

Telecommunications Capitalization Strategy

Entel's Growth

95SM0233A La Paz HOY in Spanish 10 Feb 95 p 9

[Unattributed article: "Such as It Is"]

[FBIS Translated Text] *The state telecommunications enterprise [Entel] will be capitalized separately. The exclusive service concession that will be granted to its potential partner will be for a period of from five to eight years, but in return, telephone lines must be installed in local and rural areas. In the past five years Entel has recorded a growth of 7 percent and revenues of $101 million.*

The capitalization strategy of the National Telecommunications Enterprise (Entel) is to capitalize the enterprise as at present, while continuing to hold its concessions for long-distance, cellular, and cable services together with other existing concessions, all of which Entel will hold exclusively until the end of the year 2000 or the year 2003.

Minister of Capitalization Alfonso Revollo maintained that this market will be liberalized, although there will be a superintendent who will oversee the granting of concessions.

In return for granting the exclusive concessions, Bolivia will be able to require the strategic partner of Entel to meet specifiic goals for the installation of telephone lines in local and rural areas and to make improvements in the quality of service.

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Before the enterprise is capitalized and before Bolivia begins to adopt a more aggressive (i.e., more entrepreneurial) position vis-a-vis the investors, the proposed Telecommunications Law is expected to come into force, inasmuch as the corresponding bill is in its final stage pending presentation to the cabinet and subsequently to Congress.

The appointment of the independent legal advisers was made simultaneously with the designation of the consultative firm Coopers and Lybrand, which will conduct an audit of the company, while the American Appraisal Co. will be in charge of appraising Entel's assets.

Advances

In May of last year a "Presidential Seminar" was held in La Paz to inform potential investors concerning the capitalization of Entel, followed by another seminar in July in Miami. A presentation was also made to medium-scale operators recently (on 12 and 13 December) in Washington.

The formation of the working group responsible for carrying out the capitalization of the enterprise was completed with the selection of a technical team that is preparing a database for presentation to the companies that prequalify. The presentation will be made in the information offices that will be opened in the second quarter of this year.

The Morgan Grenfell company is in charge of selecting the investment bank that will conduct the Entel promotional campaign.

The legal advisers are in the process of being chosen. The firms that have submitted proposals are Clyde & Co., Clifford Chance, Debevoise & Plimpton, and the consortium of Bajer McKenzie/Squire, Sanders & Demsey. [firm names as published]

As soon as the Telecommunications Law is approved—presumably some time in the first quarter of 1995—a promotional tour will be initiated to make Entel's presentations at the international level: a task in which the investment bank will play a principal role.

An X-Ray Picture

Bolivia's telecommunications sector is different from that of other countries in Latin America. Local services are provided by 17 cooperatives, while the state communications enterprise is responsible for long-distance services both national and international.

In addition, there is a radio service for the rural area—Diter [expansion not given], which is also state-owned—and the cellular telephone service operated by Telecel. There are also other enterprises serving the market for the transmission of data. All of these enterprises combine to make up the telecommunications picture in Bolivia.

Entel's Profitability

95SM0233B La Paz HOY in Spanish 12 Feb 95 p 12

[Article by German Velasquez: "Entel: Profitable and Modern"]

[FBIS Translated Text] *Entel's profitability is 35 percent (last year's data), which is one of the highest by comparison with other countries. In 1994 Entel transferred 162 million bolivianos to the General Treasury of the Republic.*

As is well known, telecommunications is a highly profitable sector everywhere in the world and a sector in which rapid technological changes are taking place. The status of the National Telecommunications Enterprise (Entel) in this context is not to be underestimated, according to the government and a number of studies conducted by international institutions at the government's request.

Its profitability—which is currently 35 percent per annum—and the modern character of its equipment make Entel one of the most attractive enterprises for foreign investors who are participating in the process of capitalizing the major enterprises of the Bolivian state.

No Need for Investments Until 1996

According to the international consulting firm Deloite & Touche, Entel does not need to make any investments until 1996, inasmuch as it already has modern systems to satisfy the demand for long-distance and international telephone service.

At the request of the Bolivian Government, the aforementioned firm conducted an evaluation of Entel and submitted a report containing its conclusions regarding the current state of the enterprise and the reforms that should be implemented.

One part of the report states that Entel's equipment has recently been modernized, with the result that the long-distance system has sufficient capacity to satisfy the demand without the need for further investment until 1996.

The level of digitization is 60 percent in the national switching system and 82 percent in trunk circuits, but the most recent incorporations increased these percentages. The report states that the nation's telecommunications are therefore not obsolete.

Few countries in the world have a network that aproaches 100 percent digitization. For example, although telecommunications in Argentina were privatized four years ago, only a 46 percent digitization has been achieved to date.

Despite the fact that Entel has modern equipment and is profitable, the government stands firm in its decision to capitalize the enterprise and grant to the new partner an

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exclusive concession of between five and eight years for the domestic and international services.

Moreover, Entel will be entering the market of the local operators to compete with the telephone cooperatives. The cooperatives, however, have rejected the monopoly concept and are demanding that open competition be established for all telephone services without exception.

Master Plan

The Master Telecommunications Plan—which was developed with the assistance of the International Telecommunications Union (UIT)—states in its first part that in recent years the revenues of the domestic and international long-distance telephone service have increased by between 40 and 60 percent.

Entel's profitability is 35 percent—one of the highest by comparison with similar enterprises in other countries—and it accordingly transferred approximately 162 million bolivianos to the General Treasury of the Nation in 1994.

By the year 2000 the gross revenues of these two services could reach $950 million. The government contends that despite poor management, Entel is profitable from any standpoint.

Expansion of the Services

The argument used by the government is that the capitalization of Entel will result in the democratization of the telephone service, which will thereby cease to be a privilege. In other words, customers will pay only for the installation instead of $1,500 as heretofore.

The government states that because of the cooperatives Bolivia occupies last place in this category, and the cooperatives will therefore be incapable of handling sustained growth such as will result from the capitalization of the state enterprise.

The cooperatives point out, however, that during the past eight years—the era of the telephone cooperatives—the lines have increased by 14.77 percent: that is to say, the 130,000 lines that existed in 1980 have increased to the 360,000 that are currently in operation. [figures as published]

Moreover, 57.33 percent are digital; 33.19 are of the crossbar [preceding word in English] (analog) type; and only 9.48 percent are similar to the Spanish type. The representatives of the cooperatives state emphatically that one therefore cannot say that the equipment of the cooperatives is obsolete.

Brazil

Russian Intelligence on Advanced Official Nuclear Program

PY2403030695 Madrid EFE in Spanish 1648 GMT 23 Mar 95

[Report by Miguel Bas]

[FBIS Translated Text] Moscow, 23 Mar (EFE)—The Russian Foreign Intelligence Service (RFIS) today reported that Brazil is probably the country that is closest to creating its own nuclear weapon. The RFIS so far has no information on whether this South American country already possesses this kind of weapon.

Parallel to the official nuclear energy program, which is being developed under the control of the International Atomic Energy Agency (IAEA), Brazil has been developing an "advanced and broad program under the supervision of the Armed Forces, and particularly of the Navy," the RFIS report on the nonproliferation of nuclear weapons states.

This program is being developed mostly at the Institute for Nuclear and Energy Research, at the Air Force Aerospace Technical Center, at the Brazilian Army Center for Technical Research, and at the Institute for Nuclear Research.

Brazil is a member of the IAEA, but has not signed the Nuclear Nonproliferation Treaty [NNT], because it considers the treaty to be discriminatory and feels that it blocks the country's access to modern technology, the RFIS report states.

Brazil has, however, signed the Tlatelolco Accord, which bans the use of nuclear weapons in Latin America, and the Convention for Physical Protection of Fissionable Material. Brazil has also given up nuclear tests, even those having peaceful objectives.

The RFIS, however, "systematically receives information about an advanced and broad program for military research" which is not under IAEA control.

Brazil "has sufficient raw material for the development of nuclear energy. It constructs and uses nuclear plants and has highly qualified scientists and the technology for uranium enrichment, as well as several centers for nuclear research," the report adds.

The report points out, however, that the Latin American country with the most advanced nuclear industry is Brazil's neighbor Argentina, which also has enough resources to develop nuclear energy.

Argentina has built atomic plants and is already operating them. The country has well-trained scientists at various centers for nuclear research, and has also achieved the technology for uranium enrichment.

The Argentine nuclear program is developed into two main directions.

One of them, "under IAEA control and with the cooperation of the developed Western countries," seeks to create its own cycle for the generation of atomic fuel.

Simultaneously, however, and with the country's own resources, low-power nuclear plants are being constructed. For the time being these are not under international control.

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In March 1994, Argentina, which is a member of the IAEA and has signed the Tlatelolco Treaty, joined the NNT. In the opinion of the RFIS, this "has undoubtedly contributed to consolidating the regime of nonproliferation of nuclear weapons, in the Latin American area as well."

News Agency Report on Nuclear Weapons Development Denied

PY2403031695 Sao Paulo AGENCIA ESTADO in Portuguese 2234 GMT 23 Mar 95

[Report by Tania Malheiros]

[FBIS Translated Text] Rio de Janeiro, 23 Mar (AE)—Jose Mauro Esteves dos Santos, president of the National Nuclear Energy Commission (CNEN), today denied that Brazil has the capacity to develop nuclear weapons, or that it is working to develop such weapons. He said that the technology developed in Brazil "does not lend itself to the production of nuclear weapons, but only to the production of fuel for power reactors to generate electricity." Santos refused to describe the report released by a news agency.

Finance Minister Addresses French Businessmen

PY2403114095 Sao Paulo GAZETA MERCANTIL in Portuguese 22 Mar 95 p 3

[Article by Claudia Safatle]

[FBIS Translated Excerpt] Paris—During two meetings with French businessmen—at breakfast and again at lunch yesterday—Finance Minister Pedro Malan gave guarantees and issued an invitation. His guarantee was that Brazil is not Mexico. The invitation, which was also an appeal, was that to finance the deficit—which is estimated at 1 or 2 percent of the GDP—Brazil needs direct investments because short-term capital is no longer interested in emerging markets.

He rhetorically asked: "We are all submitted to the same international outlook; be it Latin America, Eastern Europe, or Asia. How will we adapt? By making a great effort to attract direct investments." He spoke before a group of businessmen from the National Center of Entrepreneurs - CNPF. Malan said that despite the natural debates within a democracy, "the economic opening and the option of integrating with the world economy are irreversible." [passage omitted]

Malan said: "Brazil currently has direct investments of between $40 and $50 billion. We think we can attract more," adding: "We clearly demonstrated confidence in our capability to progress by saying that we will adopt the band system, that the current dollar exchange band will fluctuate between 0.88 and 0.93 reals, and that it will last a long time."

After those statements made during breakfast, Malan met with a small group of French businessmen during a luncheon at the Brazilian Embassy. Jean Luc Lagardere, president of the Matra-Achett (weapons, publishing, and telecommunications companies) told the finance minister he has always seen Brazil as a country with a future. During the Collor administration, he thought the future had arrived. He asked: "Has the future arrived with President Cardoso?" Malan obviously said he had every reason to believe so.

The luncheon was also attended by Jacques Hahl, president of the Banque Nationale de Paris; Charles de Croisset, president of the Credit Commercial de France; Gustave Rambauld, president of the Sudameris Bank; and Edson Musa, president of Rhone-Poulenc company. [passage omitted]

French Economy Minister Edmond Alphandery and Brazilian Finance Minister Pedro Malan yesterday signed an agreement to guarantee reciprocal protection for investments in the two countries. This agreement creates a juridical framework by which the two governments promise fair and equal treatment for investments in keeping with local rules for investments.

The agreement establishes limits on confiscations and the two governments promise to immediately pay appropriate compensations to investors and to foresee mechanisms for international arbitration in cases of controversy.

"This is a significant document which demonstrates the intention of two countries to attract investments." [unattributed quotation as published] Alphandery considers it "a political gesture by the Brazilian Government toward a lasting economic opening."

BC Head 'Strengthened' After Testimony Before Senate

PY2303152195 Sao Paulo AGENCIA ESTADO in Portuguese 2246 GMT 21 Mar 95

[By Beatriz Abreu and Soraya de Alencar]

[FBIS Translated Text] Central Bank [BC] President Persio Arida today received the Senate's support and left Congress strengthened after the crisis that, in the last few weeks, put at risk his credibility as the head of the country's exchange policy. During more than four hours of testimony before the Economic Affairs Committee, Arida explained to the congressmen that no privileged information about changes in the exchange policy has been leaked. He also said that the country did not lose exchange reserves during its wrestling with the financial market.

Arida reported that the BC had an $82-million profit from the purchase and sale of dollars. He added that the private banks had an average loss of $500,000 and that only two institutions had profits, as proven by auditing work conducted at the BC exchange table and supervision at the institutions. Arida, however, did not reveal the names of these two banks.

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According to Arida, the result of the investigation is enough to deny "insinuations" that there has been a leak of privileged information. He did not explain, however, why—as a result of the exchange crisis that began on 6 March—the BC had decided to alter the system used by the "dealers" [preceding word in English], which are the banks that act in the exchange market on behalf of the BC. Arida confirmed, nonetheless, that the new way of granting credentials to the banks has already been practically defined.

According to him, the idea is to increase the number of "dealers" [preceding word in English] and continue having electronic auctions. Arida gave several explanations about how these institutions operate on the BC's behalf as well as on the advantages of the exchange bands system adopted in the country. He said: "The establishment of bands prevents speculation because it maintains clear signs for the market." He pointed out, however, that other countries' experiences show that the bands system demands "periodic corrections."

Senador Eduardo Suplicy (PT - SP) [Workers Party - Sao Paulo] tried, but without success, to transform the meeting into a secret session. He wanted Arida to give the names of the two banks that profited from the exchange crisis. Arida said: "This is a matter of bank secrecy."

Economic Affairs Committee head Senator Gilberto Miranda (PMDB - AM) [Brazilian Democratic Movement Party - Amazonas] rescued Arida and prevented the session from becoming secret. He thus reduced the tension reigning among the members of the BC board of directors, all of whom were attending the meeting. Arida proposed, however, that as soon as the bank has further information, he appear before a confidential session. Investigation conducted thus far refers only to the 14,000 operations carried out from 1 to 10 March.

Arida was hurt about insinuations that he had supplied privileged information and rejected "inferences" that he had also favored his personal friend Fernao Bracher, of the BAA Credistantalt bank. "This affects the credibility of the BC president at a time when credibility is fundamental for the stabilization of the real," he said. "I had never heard that friendship is a crime," he retorted. He added that he has other friends who also work in the financial market.

Arida never mentioned the name of Deputy Delfim Netto, who charged the government with having leaked information. In the 1970's, Delfim Netto was charged with leaking information when he promoted a 30 percent maxi-devaluation of the cruzeiro during President Garrastazu Medici's military government. Arida remained quiet when Senators Pedro Simon (PMDB - RS) [PMDB - Rio Grande do Sul] and Espiridiao Amim (PPR - SC) [Progressive Renewal Party - Santa Catarina] demanded that the government "react and punish those responsible for the rumors about privileged information."

The BC president did not hide his embarrassment when Senator Osmar Dias (PP - PR) [Popular Party - Parana] showed him a Bamerindus Bank letter. On 15 February, the bank suggested to those clients who had received rural loans that they alter their contracts and replace the TR [Reference Interest Rate] by the dollar exchange rate variations to correct their loans. Arida confessed that he already knew about the letter, but had, at the time, accepted the explanations Jose Andrade Vieira, agriculture minister and Bamerindus Bank owner, had given about them. Dias asked: "Was it simply a coincidence, effectiveness, or smartness?" Arida answered: "Personally, I believe it was a coincidence."

He insisted that no privileged information had been given to any institution and testified that the BC investigation had been based on irrefutable statistical criteria. The BC president repeated several times: "The technical and statistical investigation has posed a tranquil response to the insinuations." Senator Jose Eduardo Dutra (PT - SE) [PT—Sergipe] retorted: "Statistics are like bikinis; they show a lot, but hide the main things."

Arida reacted: "There is a certain disbelief, but statistics can prove a lot of things." He assured the congressmen that the BC will supply them detailed information, including determination of whether, during the December crisis, when the BC had to conduct 11 auctions in a single day to balance the dollar exchange rate, the same institutions had benefited through speculation.

Central Bank President Speaks in Chamber of Deputies

PY2303180895 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 23 Mar 95

[FBIS Translated Text] Central Bank President Persio Arida this morning again denied the leaking of privileged information when the exchange rate was modified. In statements to the financial committee of the Chamber of Deputies, Arida said that the only crime committed so far has been against the Central Bank itself.

Arida arrived in the financial committee gathering room accompanied by the government leaders of the lower house. As he arrived, he received an embrace from Deputy Delfim Netto, who raised charges two weeks ago that privileged information was leaked from the Central Bank.

Arida began by explaining the charges made yesterday by Senator Jose Eduardo Dutra, from the PT [Workers Party] of Sergipe, which raised suspicions regarding the financial transactions of four banks when the exchange rate was changed. According to Arida, the buying and selling operations with regard to dollars were carried out within the framework of market rules. He said that the information Senator Dutra received was leaked by a Central Bank employee in an action that represents breaking of bank secrecy.

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[Begin Arida recording] That employee betrayed the institution. He committed a crime. He violated bank secrecy. It is the duty of the senator to say the name of the person who gave him that information. My obligation as president of the Central Bank is to punish the employee involved. I will not engage in a debate about the co-responsibility of the senator. That is another matter. [end recording]

The Central Bank president said that the government intends to lower the interest rates, but the Constitution must first be amended for this.

[Begin Arida recording] I hereby reassert my commitment to reduce the interest rates. Our ideal, that of the country, is a tight fiscal policy with very low interest rates. We, nonetheless, know that to attain this, we need to amend the Constitution. Until the fiscal reform is ensured permanently, it is my duty, the duty of the Central Bank, to maintain the interest rates at levels ensuring the stability of prices. [end recording]

Trade Deficit Stands at $1.095 Billion in Feb

PY2303154995 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 23 Mar 95

[FBIS Translated Text] The Industry and Commerce Ministry reported on 22 March that the Brazilian trade deficit stood at $1.095 billion in February as a result of exports having totaled $2.952 billion and imports having reached $4.047 billion. Although the February deficit was 23.3 percent higher than that of January, government experts expect that measures adopted in the foreign trade area—such as the increase in interest rates and in the import tariffs of some items—will be instrumental in balancing Brazilian trade.

Jose Roberto Mendonca de Barros, the Finance Ministry secretary for economic policy, said the government is not planning to adopt further measures to stem imports.

[Begin Mendonca de Barros recording] The government is now monitoring imports, but it is not planning to immediately issue measures that would affect imports. Rather, it is just monitoring the respective economic developments. [end recording]

With an increase of more than 72 percent in relation to the January figures, imports of foreign cars have accounted for the largest growth in the February imports.

Constitutional Reform Said Facing Possible 'Danger'

PY2303174495 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Mar 95 p A3

[From the "Notes and Informations" page: "Reform in Danger"]

[FBIS Translated Text] The difficulties that the executive branch will face in obtaining approval for some of the constitutional amendments that it submitted to Congress have been outlined in two reports that we published, on 19 and 20 March. The first report deals with a statement that former Pernambuco Governor Roberto Magalhaes—a PFL [Liberal Front Party] member—made to Elio Gaspari: The amendment of the petroleum monopoly will not be approved the way it was proposed. The second is a commentary by Joao Bosco Rabello, chief of our branch in Brasilia, on the different tone used by those who defend the monopolies and those who should back the position of the Fernando Henrique Cardoso government. While Roberto Magalhaes' unequivocal statement is a source of concern because he is familiar with Congress, the highlight by Bosco is more worrisome, because it shows that the government bloc—if there is such a thing at all—is either technically incapable of confronting those who support the Petrobras [Brazilian Petroleum Corporation] thesis, or simply does not want to be regarded as a "sell-out advocate." Whatever the reason for the silent reaction to these statements, the remarks by the technicians of the monopolistic enterprise will remain as the only valid factor. In fact, the Planalto Palace amendment will be debated on the basis of the arguments by those who want to maintain the restrictions on the economic activities related to petroleum by Law No. 2004 or by the Constitution itself. This shows that Roberto Magalhaes might be right.

The situation is certainly the same in the case of telecommunications. Congress worries little about foreign policy affairs. When dealing with relations between Brazil and developed nations, Congress reduces everything to a common denominator known as the United States. Now, in this Congress—in which several members, even newcomers, still believe in the electoral power of UNE [National Union of Students], of the CUT [Sole Workers Center], and of the nationalistic stance of the 1950's—the termination of the petroleum monopoly will be voted on only if privatization advocates offer very good reasons. Such reasons must be strongly convincing because it is known that everything dealing with profits is criticized, and that several sectors are trying to criticize neoliberal (privatization) policies as a new source of evil that was reportedly unveiled during the Mexican crisis, which is closely linked with the opening of markets. Now, to overcome all that intellectual resistance, the executive branch should have trained its task force for the congressional battle. It did not, limiting itself to ministers' briefings addressed to supposedly majority blocs and meetings at Alvorada Palace, failing to provide ammunition to question the arguments of the eventual adversaries.

Those who defend the monopoly of Petrobras (the case of the telecommunications monopoly is less serious, given that the service provided by the state telephone companies is of bad quality and really hinders economic development and personal contacts, which makes the arguments of the teledinosaurs less effective) are technically prepared: They base their arguments on Law N. 2004 and on the Constitution to claim legality; they

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assert, based on figures and facts, that Petrobras subcontracts services, that the company has its own technology to exploit oil from deep waters (which is an internationally known fact because Petrobras has been given an award for this) and that Petrobras is willing to participate in any enterprise as long as it controls the voting capital. This last argument, while sometimes clearly stated and sometimes only suggested, in reality is the main argument. The degree of subcontracting of a company does not and will never determine its owner's degree of control over the activities it carries out. The fact that Petrobras subcontracts and leases is a form of "easing the monopoly" (the executive branch has chosen a bad moment to use this term). Those who defend Petrobras' monopoly on oil just want to avoid the discussion of the essential: Petrobras will always continue to control all the activities it is engaged in together with subcontractors that are willing to remain subordinated. This means that Petrobras will be able to direct its actions to either one side or the other, independently of the demands of the market, yet it is the market that should indicate where and when investments must be made.

By not providing its congressmen with ammunition, by allowing its opposers to use the term "easing of the monopoly" to explain all they please, the government is demonstrating that it is not interested in securing approval of the constitutional amendments, especially those dealing with the monopoly on oil and telecommunications. This was the case during the constitutional revision process—remember? Once the Social Emergency Fund was approved, the executive branch turned its back on its constitutional revision goals and nothing was achieved. Will this be the result of the constitutional reform the government intends to carry out now, even with a renewed Congress? Will the executive branch be able to reverse this current trend?

Justice Minister Presides Over Human Rights Council Meeting

PY2303154795 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 23 Mar 95

[Report by Alicia Santiago in Brasilia]

[FBIS Translated Text] Justice Minister Nelson Jobim has presided over the first meeting held this year by the Human Rights Defense Council [CDDPH]. One of the topics on the agenda was the wave of bomb attacks perpetrated in Belo Horizonte, Minas Gerais State.

According to Jose Gregori, chief of the Justice Ministry staff, the CDDPH has decided to send a CDDPH member to Belo Horizonte this week to monitor the investigations that are being conducted by the Federal Police [PF] at Minister Jobim's request.

Gregori added that Jobim described the attacks as outrageous:

[Begin Gregori recording] The minister described them as outrageous, as extremely serious. Yet, there are still no solid leads as to suspects in the case. Now that the PF has begun an investigation, it has become clear that all the appropriate investigative bodies are discharging their respective duties. [end recording]

The CDDPH also discussed the case of Cristiano Mesquita de Melo, a robber who was shot and killed on 9 March outside the Riosul shopping center in Rio de Janeiro by military policeman Flavio Carneiro.

Chile

Army Announces New Command Structure

PY2303191295 Santiago EL MERCURIO in Spanish 27 Feb 95 p C2

[FBIS Translated Excerpt] The changes in the high Army Command ordered by the promotion board concluded this month. The changes followed the unexpected resignation of General Hernan Abad Cid for personal reasons last year. [passage omitted]

The Army Command comprises one captain general [Army commander], seven major generals, and 38 brigadier generals with the following administrative or command positions.

Army Commander: Captain General Augusto Pinochet Ugarte.
Deputy Army Commander: Major General Guillermo Garin Aguirre.
Army Chief of Staff: Major General Richard Quaas Bornscheuer.
1st Army Corps chief headquartered in Iquique: Major General Ramon Castro Ivanovic.
Inspector General: Major General Jaime Concha Pantoja.
Southern Military Region chief with headquarters in Punta Arenas: Major General Hernan Ramirez Rurange.
National Mobilization General Directorate chief: Major General Javier Salazar Torres.
Metropolitan Region Military Garrison chief: Major General Carlos Krumm Rojas.
Monsignor Gonzalo Duarte is the new Army chaplain with the rank of brigadier general, and Brigadier General Florencio Tejos Martinez continues as War Materiel chief.
Brigadier General Jose Carrera Rivera is the new Military Industries chief and Brigadier General Jorge Lagos is the new Operations Department director. Brigadier General Fernando Torres Silva continues as Army Auditor General and Brigadier General Rafael Villarroel Carmona is the new Logistics Department chief.

Other positions were filled by the following brigadier generals:
Eugenio Videla Valdebenito, Second Division chief in Santiago;
Osvaldo Acevedo Trujillo, 6th Division chief in Arica;

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Luis Cortes Villa, Logistical Support Command chief;
Guillermo Sanchez Rojas, Administrative Command chief;
Ricardo Izurieta Caffarena, Military Mission chief in Washington;
Sergio Moreno Saravia, Military Institutes chief;
Eugenio Covarrubias Valenzuela, Intelligence Department director;
Carlos Chacon, 1st Division chief in Antofagasta;
Raul Moyano Vatel, Development Directorate chief.

Brigadier General Jaime Izarnotegui Valenzuela becomes Personnel Department chief, and Brigadier General Cesar Streitt Gonzalez becomes the new chief of the 7th Division created in Coyhaique.

Brigadier General Sergio Candia Munoz becomes the 4th Division chief in Valdivia; Brigadier General Victor Lizarraga Arias, is the chief of the Advisory Committee of the Army Command; and Brigadier General Luis Aracabal Lobo will continue as Famae [Army Ordnance] chief.

The postings of the other brigadier generals are as follows: Juan Lucar Figueroa is the new 5th Division chief in Punta Arenas; Enrique Gillmore Callejas, Military Geographical Institute chief; Juan Nielsen Stambuk, Inter-American Defense Council representative in Washington; Raul Carvajal Davidson, 3d Division chief in Concepcion; and Sergio Espinoza Davies, Engineering Command chief.

Brigadier General Hugo Jaque Valenzuela will continue as deputy chief of staff of National Defense for one more year and Brigadier General Rodolfo Sanchez Rubio is the chief of the Aviation Command and the Rancagua Military Garrison.

Brigadier General Juan Emilio Cheyre Espinoza is the new military attache in Spain; Brigadier General Hernan Reyes Santelices, Telecommunications Command chief; Brigadier General Manuel Vitis Engelsberg, Medical Corps chief; and Brigadier General Martin Munoz Baeza, Projects Department chief of the Army General Staff.

Brigadier General Francisco Perez Eger is the chief of staff of the 1st Corps in Iquique; Brigadier General Alejandro Martin Junemann is director of the National Academy for Political and Strategic Studies (ANEPE); Brigadier General Hernan Nunez Manrique is Instructions Department director; Brigadier General Emilio Timmermann Undurraga is the 2d Army Division deputy commander; Rene Norambena Veliz is Transportation Department chief; and Abraham Bustos Letelier, is the new Finance Department director.

Colombia

Officials Deplore U.S. Decision on Exchanges of Proof

PA2403014095 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 24 Mar 95

[Report by Alvaro Ayala from the "24 Hours" newscast—passages within quotation marks recorded]

[FBIS Translated Text] Today, the vice president of the Republic, the government minister, and the prosecutor general deplored the decision by the U.S. Government to suspend exchanges of proof to try narcotraffickers.

Today, the prosecutor general asked the U.S. Government not to interrupt judicial cooperation with Colombia, because that is the most effective way to get proof against the so-called narcotrafficking capos:

[Prosecutor General Alfonso Valdivieso] "Of course, the possibility of progressing in the investigations depends in large part on the proof. In this sense, the judicial exchange is fundamental to obtain evidence that probably will not be easy to obtain in Colombia."

The national government made the same request:

[Vice President Humberto de la Calle] "I deplore the decision, because what Colombia needs and requires in the long run is cooperation in the anticrime struggle."

[Government Minister Horacio Serpa] "We like to believe the United States will reconsider its position, because the important thing in the anticrime struggle is to be able to accumulate proof, so that responsibilities can be determined."

The U.S. ambassador has said he will not engage in discussions with Colombian officials:

[U.S. Ambassador Myles Frechette] "I do not want to engage in any public debate with the minister. Thank you."

Government Says Venezuelan Troops Not Allowed Entry

PA2403015395 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 24 Mar 95

[From the "24 Hours" newscast]

[FBIS Translated Text] The government and the Foreign Relations Advisory Commission has made it clear that Venezuelan troops will not be allowed to enter Colombian territory.

The troops of both countries will be able to work together, but each will be required to respect the other's national sovereignty. Likewise, it was made clear to the world the Colombian Armed Forces are capable of controlling violence along the border region.

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Following the government's report, the Foreign Relations Commission adviser contended that the Venezuelan proposal to cross the border in hot pursuit is inadmissible but that joint operations are more workable:

[Begin Foreign Minister Rodrigo Pardo recording] Any coordinated or joint operation undertaken to attack violence launched by irregular groups operating on either side of the common border must take place within each country's sovereign territory, carried out by their own authorities, and in strict respect toward Colombia's Constitution as well as international law. [end recording]

The communique establishes two stipulations: one, the Colombian Armed Forces is qualified enough to protect the country's borders, and two, Colombians residing in Venezuela have certain rights:

[Begin Pardo recording] In acknowledging Venezuela's right to order the repatriation of all illegal Colombian citizens from its territory, the adviser has recommended that the national government request the Venezuelan Government's timely information on what procedures to follow. The adviser has also suggested that both countries approach, as soon as possible and in a joint manner, an evaluation of the situation in order to strictly guarantee respect for all individual rights. [end recording]

Defense Minister Denies Weapons Transaction With Ecuador

PA2403025395 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 24 Mar 95

[From the "24 Hours Newscast"]

[FBIS Translated Text] Defense Minister Fernando Botero denied today there was a weapons transaction with Ecuador, but he affirmed there were negotiations that were suspended when the border conflict with Peru broke out.

The Defense Ministry denied today a contract was made with Ecuador for the sale of Colombia made weapons and ammunition, but it stated the government usually makes weapons exchange agreements with neighboring countries. The ministry stated that conversations were indeed held with Ecuador but before the war between Ecuador and Peru broke out. The Defense Ministry added that because Colombia declared itself a neutral country, it could not go on with the negotiations.

There was a request later from the military attache of the Ecuadoran Embassy to the manager of INDUMIL [State Military Industry Enterprise] for the sale of those weapons, but, according to the ministry, it explained its position of neutrality, and both the Embassy and the Ecuadoran Government understood the situation; therefore, this transaction was never carried out.

Nevertheless, this matter has been publicized beyond our borders, and the Peruvian press has reacted with indignation toward Colombia.

Ecuador

Minister Admits Arms Purchases During Conflict

PA2403033795 Quito Voz de los Andes in Spanish 1700 GMT 23 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran Defense Minister General Jose Gallardo has admitted Ecuador bought arms during the armed conflict with Peru but declined to disclose the dates of such purchases or the names of the supplier countries. He made the remarks just as Argentina and Colombia, among other countries, are investigating a reported sale of ordnance to Ecuador.

Asked about the purchase of arms from Colombia, Argentina, and other countries, Gallardo replied the country had to defend itself. If it proved to be more than just a threat—the country has been threatened at other times—an all-out invasion would have forced us to relinquish a territory that has always been defended, he has said. Such questions should not be posed to a defense minister, who must keep silent, he has said. He has also said that Ecuador's arms purchases are smaller than Peru's and that the two should not be compared to one another.

Gallardo has said Ecuador buys arms that are absolutely necessary to defend itself, because the country's resources cannot be stretched any farther. According to the minister, specialized magazines exist that report on military expenses. It can be seen in these reports that the Ecuadoran Armed Forces' arms purchases are not particularly large. He has insisted the country must purchase as many arms as necessary to constitute a deterrent force.

In February, when Ecuadoran and Peruvian troops still fought at the common Amazonian border, a shipment of 75 tons of Argentine arms arrived in Guayaquil, 420 km southwest of Quito. Preliminary investigations have revealed that the arms had been sold to Venezuela but that the Caracas Government flatly denied any negotiations with Argentina to purchase arms.

According to official U.S. sources, Washington is cooperating with Argentina in an investigation into the diversion of an Argentine arms shipment to Ecuador.

According to Buenos Aires papers, President Menem will ask Ecuador to return the 75 tons of arms Ecuador received during the undeclared war with Peru, which lasted from 26 January-28 February.

Meanwhile, Domingo Cordovez, Ecuadoran ambassador to Colombia, has denied his country bought or received as aid Colombian arms during the war with Peru. The newspaper LA PRENSA has reported the Colombian Government delivered to Ecuador 60 tons of ammunition and rockets. Cordovez has said this report is completely wrong, however.

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In addition, Lisbon authorities ordered yesterday a hold on a Ukrainian plane discovered at a Portuguese air base in Lages, Azores Islands, because the plane reportedly carried arms for Ecuador. According to unidentified Portuguese sources, the plane, an Antonov-124 aircraft, was found on 16 March to be carrying mortars, machine guns, and components for missile launchers.

Ecuador and Peru fought over a 78 km strip of undemarcated territory along the common border from 26 January-28 February.

Further on Minister's Statements

PA2403044295 Quito Voz de los Andes in Spanish 2300 GMT 23 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Quito—The Armed Forces are not characterized by large purchases of weapons, and Ecuador has been forced to purchase weapons in order to have a deterrent capability, Defense Minister General Jose Gallardo Roman has said. In an interview with a media source, he has said the country has always bought the strictly necessary amount of weapons in keeping with the necessary resources. He added the military has bought the appropriate weapons for the national defense.

Had we not made those purchases, the simple Peruvian threat to invade the country may have prompted our forces to dishonorably leave the territory defended in the headwaters of the Cenepa River.

Meanwhile, Jose Gallardo has said observers are conducting a series of preliminary activities at this time in compliance with the concentration of Ecuadoran forces in Coangos and Peruvian forces in Soldado Pastor. He has said this situation demands specific routes, schedules, a series of details, because this is an area where fighting took place and forces are deployed; therefore, he added, clashes must be avoided.

When asked who will keep Tiwinza, Gallardo has said this matter must be part of the ensuing negotiations to resolve the problem. The defense minister recalled that the Itamaraty Agreement outlines a procedure to concentrate our forces, to establish a demilitarized zone, and finally to withdraw mobilized forces. This must be fulfilled in the next few days, he has said.

Meanwhile, General Victor Bayas, chief of the Armed Forces Joint Command, has said the group of observers has proposed to both countries a program for the separation of forces and demobilization, particularly in the area of the Cenepa River. He added Ecuador has already delivered the corresponding information regarding the operation and order of all units, adding he hopes Peru does the same in the short term to expedite the forces' separation process.

Regarding a possible demilitarization of the zone, this issue has not yet come about, and no proposal has been made by observers. It is expected, however, this issue will be proposed to both parties in the next few days so an agreement can be reached.

The pacification process in the area of conflict continues to proceed normally. Both parties are interested in this matter, there is absolute peace in the area, and the country must be convinced the pacification is being observed, the report concluded.

Paraguay

Police Deficiencies in Fight Against Drugs Noted

PY2303225495 Asuncion ULTIMA HORA in Spanish 23 Mar 95 p 30, 31

[Article by Andres Colman Gutierrez]

[FBIS Translated Excerpt] [passage omitted] The scandal caused by the October 1994 murder of General Ramon Rosa Rodriguez, chief of Senad [National Antinarcotics Secretariat], in addition to the recent report sent by U.S. President Bill Clinton to his country's Congress, which included Paraguay on the "black list" of countries marked by the scourge of drug trafficking, have thrown the dark shadows of questions over the efficiency of the fight against drugs in our country.

Senad's chief was replaced. The chief of the National Narcotics Directorate (Dinar), Senad's executive branch in police actions, was also replaced. Some 30 officers and agents were dismissed under the suspicion of being implicated in the murder, and of having links to drug trafficking. Renewal and change. As a guarantee to prevent corruption?

In any case, Senad and Dinar are making valorous efforts to demonstrate that the war against drug trafficking is being intensified. According to the statistics, 1,097 kg of cocaine, 133,099 kg of pressed marijuana, 38,017 kg of harvested marijuana, and 100 kg of marijuana seeds were seized during the first 2 months of 1995, while 236,750 hectares of marijuana plantations were destroyed, the end product of which was estimated at some 828,625 kg.

In addition to the above, there are the spectacular blows that have been carried out during this month of March, such as the seizure of 11 kg of liquid cocaine at the Silvio Pettirossi International Airport, and the capture of the small plane carrying 508 kg of marijuana in Capitan Bado, which according to the journalists of the region, was "a harsh blow against the Capitan Bado cartel," because its main members will now go to jail. Moreover, the war is very one-sided. In Capitan Bado two agents, without a vehicle or bulletproof vests, had a shootout with six drug traffickers armed with modern combat weapons, radios, and land and air mobile units. The current chief of Dinar, Police Superintendent Cesar Damian Aquino, maintains that "if we had had a larger infrastructure we could have immediately arrested the

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drug traffickers. It is very hard to work like this. Our agents are risking their lives in each operation."

During the operations in which I participated I was able to observe the same kind of precariousness. Dinar's Regional Office No. 1, which is located in Amambay, has just been reinforced with more personnel, but it only has one jeep and one motorbike to carry out its task.

One of the techniques (learned from the U.S. DEA) that Dinar uses is that of the "bait" or "decoy," which consists of infiltrating its agents into the world of drug trafficking. The agents pass themselves off as traffickers, make supervised purchases, and try to get the police to catch the criminals "red-handed," or in other words with the drugs.

The problem is that the drug traffickers also use a similar technique. They try to infiltrate into the police and security organizations. They generally find it fairly easy to corrupt an antinarcotics agent and use him as an informer in order to prevent police actions. Thus the phenomenon of the double infiltration takes place, or in other words, "double agents" that play for both sides. The funds that were provided by the U.S. Government in some way allowed for a better infrastructure. The cutting off of the aid will increase the differences in the fight against drug trafficking, because as one agent said: "We policemen do not earn a lot, and it is very difficult to reject the tempting offers of those who are moving millions of dollars."

Peru

Fujimori Announces Arrest of 'Number 2' in Shining Path

PY2403031895 Madrid EFE in Spanish 0132 GMT 24 Mar 95

[FBIS Translated Text] Lima, 23 Mar (EFE)—Peruvian President Alberto Fujimori announced today that Margie Evelyn Clavo Peralta, alias "Nancy," the current "number two" of the Shining Path terrorist group, has been arrested by Peruvian security forces.

Fujimori said that Clavo Peralta was arrested on 22 March in Lima, and that 16 others, including three leaders of the terrorist organization, were also arrested during antisubversive operations carried out by the police over the past few days.

Fujimori said that the terrorist leader, who was among the six main leaders of the Maoist organization when its founder and ideologist Abimael Guzman was still at large, had climbed the hierarchical ladder of the organization to second place.

He added that upon being captured she was the second in command and "right arm" of the current top leader of Shining Path, Oscar Ramirez Durand, alias "Feliciano," and the main political command leader of the terrorist group, as "Feliciano" is considered a leader of the military command.

Clavo Peralta had appeared next to Abimael Guzman, who has been serving a sentence of life imprisonment since October 1992, in the video seized four years ago, in which the founder of the Maoist group appeared dancing to the song "Zorba the Greek."

Fujimori added that among the 20 people arrested in several Peruvian towns there were, in addition to "Nancy," three members of Shining Path's emergency central committee.

He said that the three arrested leaders are Olivares del Carpio, national coordinator of the organization and perpetrator of most of the latest attacks; Rodolfo Cardenas, alias "Gabriel," Huallaga military command leader; and Rodolfo Martinez, political command leader in the Ayacucho Province of Cangallo.

The Peruvian president made the announcement of the arrests during a speech delivered in the jungle town of Pucallpa, where he went to dedicate projects developed by his government.

During his speech he reaffirmed his government's decision to annihilate Shining Path before the end of his term in office in July 1995.

"Feliciano" assumed control of the armed struggle of the Maoist gang after rejecting the proposals for a peace agreement proposed by the jailed Abimael Guzman to President Fujimori in 1993.

Fujimori Warns About 'Negative' Ecuadoran Arms Race

PY2303152595 Madrid EFE in Spanish 0158 GMT 23 Mar 95

[FBIS Translated Text] Lima, 22 Mar (EFE)—Peruvian President Alberto Fujimori said today that recent reports about the purchase of guns by Ecuador "are part of an arms race that is very negative for the continent."

Fujimori delivered a speech in Chachapoyas, capital of the jungle department of Amazonas, located on the border with Ecuador, where he dedicated two schools. In his speech, Fujimori stated that Peru "does not wish to start an arms race."

He added that the Peruvian Armed Forces have "a sufficiently powerful" operating capacity to face "any aggression."

Fujimori stressed Peru's "pacifist tradition." He said Peru is a country that must live "in peace and development, strengthening its economy to achieve the well-being of all Peruvians."

Fujimori also referred to the current situation in the Peruvian-Ecuadoran border region, which, from 26 January to 28 February, was the site of the Ecuadoran-Peruvian border conflict, and where observers from guarantor countries are currently implementing a pacification process.

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Fujimori said that observers Luigi Einaudi, from the United States, and Julio Cesar Gomes dos Santos, from Brazil, have affirmed in Lima the enforcement of the 1942 Rio de Janeiro Protocol, which established the borders between Peru and Ecuador. He added that all future actions must be in compliance with this treaty.

Both foreign observers, who have met with Fujimori and who will submit the pertinent reports to their governmenets, arrived in Peru to obtain information and assess the pacification process being implemented by the observers mission.

Venezuela

General Denies Warplanes Violated Colombian Airspace

PA2403040795 Caracas EL NACIONAL in Spanish 23 Mar 95 p A-6

[Report by Javier Ignacio Mayorca]

[FBIS Translated Text] Division General Jose Agustin Borges Blasco, general commander of the Venezuelan Armed Forces, has categorically denied the report stating that Venezuelan warplanes have violated Colombian airspace.

Virgilio Ardila, mayor of a municipality in Cesar Department, has said Venezuelan planes trespassed across the border into Colombian airspace on 18 March during the expulsion of approximately 1,200 illegal immigrants based along the Perija Mountain Range, where they grow poppy, the raw material for heroin.

Borges Blasco, who was at a meeting with the high command, has said helicopters were used during the deportation of the Colombians instead of planes as Mayor Ardila had stated.

The only Venezuelan planes that overflew the border, he added, flew in the skies of Apure State during the opening of the Joint Operations Theater, which was presided over by President Rafael Caldera.

"I was in that area on 18 March controlling the planes from the ground, and I can assure you Colombian airspace was never violated," the Air Force commander has said.

According to Division General Borges Blasco, this type of report comes from people who "are only interested in creating differences" between both countries. As everyone recalls, the border with Colombia has been placed under military control in response to an attack against the Cararabo river base, which has been attributed to the Army of National liberation (ELN).

He added during the opening of the theater of operations, in which members from the four branches of the military are taking part, that he has maintained "the best relations" with his counterpart from the Colombian Air Force.

Burelli: Tension Is Easing

Meanwhile, upon leaving Miraflores Palace, Foreign Minister Miguel Angel Burelli Rivas has rejected the newspaper reports on the alleged violation of Colombian airspace.

The foreign minister has said "there are reports aimed at creating an atmosphere not favoring Venezuela and Colombia." He has also warned that certain versions are intended to cripple the relations between both countries. In addition, Burelli concluded that "tension is easing."

Chavez Reportedly Linked to Colombian Guerrillas

PA2303195795 Caracas Venezolana de Television Network in Spanish 0200 GMT 23 Mar 95

[Report by Pedro Prado; from "The News" newscast]

[FBIS Translated Text] Colombian intelligence services reportedly have said that Commander Hugo Chavez, president of the Bolivarian 200 Revolutionary Movement [MBR-200], has ties with Colombian guerrillas.

President Ernesto Samper has sent Venezuelan President Rafael Caldera a document confirming Chavez' involvement with Colombian rebels. Guillermo Alvarez Bajares, minister in charge of the Venezuelan Central Information Office, has confirmed the sending of the document, which says that Chavez has gotten in touch with National Liberation Army [ELN] guerrillas, the group that attacked Cararabo, to create an insurgents' alliance with the Venezuelan groups Red Flag, Rupture, and Third Path.

[Begin recording] [Alvarez] As President Samper said, the report sent by the Colombian Government to the Venezuelan Government is a matter reserved for the two states.

[Unidentified reporter] What does that mean?

[Alvarez] That no information can be released about the report's contents at present. [end recording]

In a few days, the executive might give more information on this delicate subject. Congressmen, however, did have something to say. Jose Marcano reports on their opinions.

Venezuelan congressmen think that Samper's charges against Chavez and his probable ties with guerrillas should be thoroughly investigated. After Samper refused to receive Chavez and said that intelligence reports confirm Chavez' ties with the ELN, the reactions of Venezuelan deputies were not long in coming. The deputies agreed that Samper's firm accusations merit a thorough investigation by the Venezuelan intelligence services.

[Begin recording] [Democratic Action Deputy Antonio Ledezma] This should get the attention of Venezuelan

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and Colombian authorities. The latter are already working on this, as President Samper himself has reported.

[R Cause deputy Carlos Melo] The commander made a mistake. He should have let the controversy evolve some more in this country and others.

[Social Christian Party Senator Haydee Castillo] The president of Colombia has every right to tell any foreigner that Colombian problems should be settled by Colombians.

[Social Christian Party Senator Ramon Guillermo Aveledo] Mr. Chavez is reluctant to talk and debate openly. He likes to work with a certain edge, preparing things in darkness and secrecy to catch others by surprise. [end recording]

To continue the investigations, a delegation of Venezuelan congressmen, including Congress President Eduardo Gomez Tamayo, will travel to the border on Friday to meet with Colombian congressmen.

Prosecutor: Bankers Could Face Laundering Charges in U.S.

PA2303195395 Caracas Venezolana de Television Network in Spanish 0200 GMT 23 Mar 95

[Report by Beatriz Hernandez; from "The News" newscast]

[FBIS Translated Text] Prosecutor General Ivan Dario Badell has warned that the bankers who fled to the United States could face money laundering charges in the United States thanks to the cooperation agreement that makes it possible to investigate the bankers' accounts in U.S. banks. The agreement will make it possible to obtain overwhelming evidence against all the bankers who escaped with billions of bolivares belonging to depositors of 15 banks intervened by the government.

[Begin Badell recording] This will make it possible for Venezuelan and U.S. authorities to freeze bank accounts in Venezuela or the United States, money which is the result of illegal activities of banks under investigation. [end recording]

The Prosecutor General's Office, Badell said, is bound to report to the U.S. Department of Justice in the next few months in which banks Gustavo Gomez Lopez and Orlando Castro, just to name two of the escapees, have accounts.

[Begin Badell recording] Evidence will be sought to establish responsibility, not only of a penal but also of a civil nature. The fundamental purpose of the agreement is to facilitate cooperation between the Venezuelan Prosecutor General's Office and the U.S. Department of Justice to obtain evidence expeditiously so it can be incorporated into the corresponding trials. [end recording]

Although the task of investigating ill-gotten goods in the hands of the bankers involved in these large swindles and who fled the country is not easy, Badell said that, if necessary, similar agreements will be signed with other countries or wherever persons responsible for this financial crisis may be.

In other words, this agreement will make it possible for Venezuelan judges to gain access to the U.S. bank secrecy through the Prosecutor General's Office so efforts can be made to recover at least part of the money stashed away by the fleeing bankers.

Maraven's 1995 Budget, Plans Outlined

PA2303171895 Caracas EL UNIVERSAL In Spanish 22 Mar 95 p 2-4

[Report by C.R. Chavez]

[FBIS Translated Text] Maraven's oil production comes entirely from Zulia State, specifically from the Maracaibo Lake's eastern coast and from the lake's waters. There are 13,700 oil wells, of which approximately 12,000 are located inland and the rest are located in the lake. Maraven's Production Operations Division in Zulia State will manage an overall budget of 247 billion bolivares this year, which will be divided as follows: 121 million in investments, and 125 million in the operations area.

Fernando Puig, manager of the Production Operations Division, briefed a group of journalists who were invited by Maraven on 20 March to tour some of the main installations of Venezuelan Petroleum's [PDVSA] subsidiary in Zulia State. Puig thoroughly briefed them on the results obtained in 1994 as well as the action plans for 1995 and some medium-term projects.

Puig said that Maraven has estimated that by the end of 1995, its production will be 976,000 barrels per day. In order to achieve that goal, Maraven has prepared an intensive campaign for drilling and repairing wells based on economic prospets. In 1995, 254 oil wells will be drilled, of which 13 will be at an advanced stage, 235 at a developmental stage, and six at a recovery stage. Those wells are expected to produce 90,800 barrels per day. Furthermore, it has been estimated that by repairing 432 wells, 46,500 additional barrels of light and heavy crude oil per day can be produced.

In the area of heavy crude, he added, the company will make the best use of its steam injection plants to carry out 940 cycles of alternate steam injections in the Tia Juana, Lagunillas, and Bachaquero fields to generate 46,000 barrels per day. Also in this area, the amount of steam injections with chemical additives will be increased up to 350 cycles in order to obtain 26,000 barrels per day.

Regarding gas and LGN [expansion not known] in 1995, Maraven will continue its efforts aimed at increasing its condensation capacity and gas systems by operating the

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infrastructures in Barua-Motatan and Mara and stabilizing the Unigas 4, Ceutagas 5, Lagoga 4, and Lama 4 and 2 plants, among other actions. This will contribute to incresing gas supplies for Paraguana.

Maraven is making great efforts to reinforce its strategy of opening the firm to private investments and identifying new business opportunities. In line with the 10-year business plan prepared by its main office, which has established a production goal of 4 million barrels of crude oil per day by the year 2003, Maraven has been developing a program for the reactivation of oil fields. This program has advanced with the singing of agreements, two of them to reactivate units in Zulia: Western Zulia Development (DZO), and Colon.

The Western Hydrocarbons Inc. firm started operations at the DZO unit during the first quarter of 1994, increasing the average production from 5 to 13,000 [figures as published] barrels per day. The company's investment plan for the first three years totals $231 million, which should increase production up to 40,000 barrels per day by the end of this decade.

Another operational agreement was signed with the Teoperol-Wascana-Nomeco-Corexland consortium to operate the Colon Unit. During the first three years, the proposed working plan for the fields in this unit calls for guaranteed disbursements for $160 million, the drilling of 15 exploratory wells and 43 at the advanced and developing stages, as well as an average production of 23,000 barrels of light crude oil per day .

The 1995 budget to develop activities under operational agreements totals 32.9 billion bolivares. Activities will begin this year in the areas of Colon and Western Falcon, for which contracts were singed at the end of 1994. In the same manner, negotiations have been conducted for the reactivation of the Eastern Falcon and Falcon Coast units.

Regarding the granting of areas for risk exploration, Puig said that by the end of 1994, Maraven presented to PDVSA the Catatumbo and La Ceiba fields, which are new and promising exploration sites located along the banks of Maracaibo Lake. La Ceiba and Catatumbo comprise an area of 3,946 square kilometers where Maraven expects to find approximately 1,600 million barrels of crude oil and 11 billion cubic feet of natural gas.

The areas proposed by Maraven will be opened to bids from national and foreign firms meeting the necessary requirements once Congress authorizes PDVSA to conduct that process. Subsequently, the respective contracts will be signed with the selected enterprises or contractors.

Finance Minister Views Restructuring

PA2303194495 Caracas Venevision Television Network in Spanish 1030 GMT 21 Mar 95

[Interview with Finance Minister Luis Raul Matos by Carlos Fernandez; place not given; from the "24 Hours" newscast—live]

[FBIS Translated Text] [Fernandez] We are with Finance Minister Luis Raul Matos. We are going to discuss with him the issue we discussed with Federico Ramirez, president of the Venezuelan Workers Confederation [CTV]. The issue has to do with the modification of the social benefits system.

Some principles were clearly established during our conversation with Ramirez. The principle of retroactivity is not being questioned but this does not mean that the CTV is not prepared to discuss a restructuring of the social benefits system as long as this is aimed at benefiting workers.

Good morning, Mr. Minister.

[Matos] Good morning, Carlos.

[Fernandez] We want to know what the government thinks about this.

[Matos] I was listening to your interesting introduction about the CTV president. I think the CTV, through its president, has taken a positive step by reporting that it is prepared to talk. The document prepared by a commission, headed by the labor minister and to which I belonged, has no other purpose than to serve as a draft so that the participants may talk and the best possible solution may be found. I was one of the people who categorically opposed a previous proposal on the modification of the social benefits system because it was going to be an exact copy of the Chilean system. We met on this with a CTV group in a private office. I recall the presence of Olarte and Hector Lavecillo, among others. We analyzed 80 percent of that proposal's pension fund components and found them to be an exact copy of the Chilean model.

Federico was one of those who said that this could not be implemented in our country.

I believe the workers can be sure that the president's intent, and mine, since I have worked with them for so long, is to improve current conditions. We must admit there are negative aspects in the functioning of businesses.

We have to destroy some myths. Some sectors say they will permit no indexation or any adjustments of social benefits. Retroactivity is nothing but indexation. If I tell you that I am going to pay your benefits on the basis on your previous salary, I am talking about increasing your pension retroactively. This would have some negative effects on businesses.

We are looking for mechanisms so that this adjustment is made permanently. More important yet: The social benefits system was not drafted taking increasing inflation into consideration. Clinging to fixed capital, be it benefits, or savings, is like clinging to a block of ice and saying: Let no one touch my block of ice. That ice of block is going to melt even if nobody touches it.

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The value of money fluctuates with time. Time is an element that must be incorporated into the discussions.

[Fernandez] [words indistinct] based on circumstances, that the social benefits system can be modified but that it is necessary to study this carefully.

[Matos] This is the purpose of initiating talks. We have to separate the two components of the rewards of working. One component is salaries, the other has to do with cumulative elements such as savings. Taking in consideration these two elements, we can hold talks, and I am sure that a solution can be found.

Finally, so that we do not dwell too long on this issue, I think that a statement made by President Caldera in his annual address to Congress, is most important. He spoke of a program to permit the recovery of the people's purchasing power. I think this is the keystone of a new reorientation in economic policy. Throughout this week I have held talks with the business sector and it agrees that these two components can be dealt with. I think there are positive elements for everybody. I think that instead of fueling a debate, a responsible answer of the CTV could be to say: Let us look for a solution that will benefit everybody and not to negotiations like the previous one, where one would win at the expense of the other.

I think that if the three sides—the government, the workers, and business—hold talks, a solution can be found.

[Fernandez] [words indistinct]

[Matos] It is necessary to go to the media and explain to the workers their alternatives, considering that social benefits are not a matter of business versus labor. This is a matter that involves all people who work, including executives. It is necessary to explain the options so that each may back whatever option they may find most suitable, because in the end money enhances family and honor, as the saying goes.

[Fernandez] You speak of a recovery of purchasing power in an inflationary context. How can this be done?

[Matos] You are right. If we are going to have increasing inflation on a permanent basis, we would have to permanently index salaries, as some other countries do, but this has adverse consequences. Here, fortunately, the labor sector has been agreeable and has never presented indexation as a key demand.

Responsibility in this regard falls on [word indistinct]. This week we are going to present to the president a coherent and integral program that has the struggle against inflation as the key element.

[Fernandez] What do we need to fight inflation according to the Finance Ministry's program?

[Matos] Without expanding on it before I discuss it with the president, but to clarify the issue, I will say that we see serious problems with regard to inflation: the excess of liquidity is one; the other is the fiscal deficit.

The president has announced a drastic public spending cut. We are assessing how far we can go. This is an important aspect. Perhaps the key aspect. Another important aspect would be a sizable increase in revenue to counter the deficit in the current budget. Then we have to remove excess liquidity from the economy. We are going to refinance part of the debt. There are position papers on the use of dollars. This is being discussed also.

Generally speaking, these are two important elements.

[Fernandez] Let us discuss further the recovery plan the country needs. Why do I say recovery? Because right now there is much unrest at the national level. After one year, there is this heavy load bearing down on us, as if the government, the current administration, could not get going, as if it needed coherence, harmony, and a fundamental framework capable of giving the people hope that we will be able to correct errors.

We have been talking with the minister about the adjustment process. Many Venezuelans believe the government of President Caldera is too formal, too moderate. Is there any hope this style will be modified?

[Matos] Yes. Carlos, I think it was necessary to soothe the center of all economies: the financial sector. In all parts of the world, crises produce anomalies.

[Fernandez] [words indistinct] for 20 years.

[Matos] I can respond to such concern the same way I responded to colleagues of yours, my friends the journalists, who asked me the same question when we left Miraflores following the swearing in of the president of the Deposit Guarantee and Bank Protection Fund [Fogade] and the superintendent of banks. We are all afraid of tremors, regardless of how small. But here the most critical phase has been overcome. We have the situation under control. This does not mean this is a normal period. In England, one of the largest banks has collapsed. But this will not create the commotion that a crisis in any bank would have created during phase one, as I call it, of our crisis. This was necessary.

We believe that the situation is now more stable. We can go on to increase investment. The people are really interested in the government being able to fight speculation and the best way to fight speculation is to open the doors to [word indistinct] and the economic program, the stabilization program, includes proposals in this regard.

There is a key struggle against inflation, as I said before. We are working on increasing jobs. We have to immediately adopt measures to generate jobs, especially for youth, who have been ignored. There is a program in that direction. Until now we have been paying excessive attention to the macroeconomic aspect and little attention to real factors of the economy.

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We are shifting now to pay more attention to aspects that have to do with food, jobs, and the other aspects that are important to the people in order to encourage and motivate the people.

[Fernandez] Resources are needed to do this. Can the country count on having these resources, in the framework of the crisis, to carry out its social respsonsibilities?

[Matos] In spite of our shortages, the debt, and the whole situation, I would say that our problem is one of a poor allocation of resources. If we reallocate the resources being used poorly or wasted, we can do it. The business sector, for example, probably has a high potential that is not being exploited. If we were to improve the workers' purchasing power, their demand would be higher and if demand is higher, the production apparatus that is not being utilized can be reactivated.

There is a poor allocation of resources. Part of the strategic reorientation we are proposing calls for less growth based on public spending and more growth based on private sector demand as well the improved purchasing power of workers.

[Fernandez] Foreign investment in the country is needed. Why is a negative image of our country being presented abroad? This is something that has been done for quite a while by certain groups. Many bankers abroad have contributed to this image. Our country is not attractive to foreign capital. This is why the privatization timetable is not being adhered to.

[Matos] I think our image abroad is not as positive as we would wish it to be. There are factors working against a positive image. Facts must be accepted, but we are constantly working to improve our image.

Regarding the financial sector, I was told there is no interest abroad in buying banks, but only last night, to be precise, I had a call from the United States from a group that asked me if its representatives could come to Venezuela next week to analyze the situation of a bank to see if negotiations could be held and an agreement reached.

Other groups, from Europe, have also expressed their interest. The (?Lisne) Bank has been established in the country. I have attended an important event at this bank. It opened offices in the country. This is the bank that (?Dade), which went bankrupt in England, has just bought. [sentence as heard] This has not been made known abroad enough. Next week, investors will be visiting us.

[Fernandez] What about the Ganadero and Union Banks?

[Matos] There are private talks being held with them. I think the talks are going well. There are offers with regard to the Venezuela and the Consolidado Banks.

What we have to do now is speed up the legal procedure. We were behind in this and there were disputes among the various parties. This is why we have decided to create this single authority. A committee composed of the Attorney General's Office, Fogade, and the bank superintendency has been created to resolve this problem and instill confidence.

I think that soon we will be able to offer offices and assets in this [words indistinct] so that they definitely be placed in the private sector, which is what the government wants.

[Fernandez] There are many questions from around the country for the finance minister. Let us see if in the remaining time we can provide some brief answers.

[Matos] Okay.

[Fernandez] Savings account holders of the last eight banks that were intervened, as well as savings account holders of other banks, say they are not accomplices of corrupt bankers.

[Matos] The representatives of these savings account holders held meetings with me during my various appearances before Congress and we have told them we are studying their situation so that once the assets liquidation process begins, we will implement a mechanism to resolve the unfair treatment they have received. We ask them to remain calm because we are going to resolve their problem.

[Fernandez] Please do something about the savings of the NB Curazao [words indistinct] Consolidado. Any information in this regard?

[Matos] I must confess I have no information on this. I have not had time to explain the [words indistinct] of the banks out of the country.

[Fernandez] A caller from Puerto Ordaz asks: What can the savings account holders of the Progreso Bank do? What about the accounts that do not exist? The bank says this is not its problem and the Consolidado Bank says nothing about the transferring of accounts either.

[Matos] I did not know this situation exists. The information we have is that a rather effective transfer took place. It is possible that some computer data could have been lost. We are going to open an office to handle this type of claim, as has been suggested to me.

[Fernandez] I cannot operate my business because of a shortage of dollars. This is an importing country because we produce practically nothing. What is the solution to this?

[Matos] The situation is different. Yesterday noon I met with the members of the Exchange Administration Board, to which I belonged. I can report that $5 billion have been allocated to imports but only $3 billion have been requested for use by importers. We would like to know what the status is of the remaining $2 billion. Let me tell you about the case of La Guaira Bank, which may serve as an example. At the La Guaira Bank there are 1

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billion bolivares for savings account holders wanting to withdraw their savings. In some places a different situation exists, in others we find this situation.

[Fernandez] Why have the Finance Ministry and the Superintendency of Banks been negligent in the case of the Progreso Latino Americana Group?

[Matos] That is the insurance group. Yesterday there was a meeting in my office. I received them for a first meeting. Yesterday ministry experts met with the Latino Americana Group to analyze bailout and liquidation alternatives, depending on what decision is adopted.

[Fernandez] The Latino Americana Insurance Group had been operating 2 million bolivares but the company has received no money. [sentence as heard] It has been said this is a farce. Why has the minister said that retroactivity of social benefits is bad for a company?

[Matos] When a firm does not make an annual estimate of something and at the end of the year has to invent an estimate, it incurs a liability that was not taken in consideration. Some could say: Well, that was envisioned on the benefits issue, but the important thing here is that everything must be clear and measurable. There must be no new ideas emerging at the last minute.

I think this is something worth discussing during the talks to take place on the social benefits system.

[Fernandez] We thank the finance minister. Many questions remain to be answered. I am going to give them to him so that he may follow up on them. We thank Luis Raul Matos for being with us today.

First National Drug Plan Under Discussion

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[Report by Casto Ocando]

[FBIS Translated Text] The Venezuelan Government is currently discussing the first national drug program since democracy was established in the nation in 1958 in an attempt to give a clear response to the growing social problem that drug trafficking and abuse generate.

The program has been ready for eight months. However, for unknown reasons, the final approval of the document has been put off by the cabinet and currently it does not seem to be on the executive's agenda of priorities.

Through this official proposal—coordinated by the National Commission Against Illegal Drugs (Conacuid)—there is an attempt to reach a goal that many consider quite ambitious: to group under one entity the diverse efforts against drugs being undertaken by state institutions.

At least six municipalities and diverse police institutions, including the drug intelligence departments in each of the branches of the Armed Forces, are developing programs to carry out this task.

In addition, almost 100 nongovernmental organizations are involved in drug prevention and treatment programs nationwide.

Nevertheless, the common denominator has been that all have been working independently.

Conacuid President Guillermo Romero said that the national program for the prevention and control of drug production, traffic, and abuse provides for strategies for the next three years and will attempt to centralize all activities on this matter being carried out in the nation.

Directly involved in the program are the Defense, Education, Health, Justice, Development, and Labor Ministries in addition to Corpuven [Venezuelan Petroleum Corporation], a subsidiary of the state petroleum company Venezuelan Petroleum Inc., and several civilian associations involved in prevention and treatment.

The program contains seven broad elements that include aspects such as strategy, communications, education, rehabilitation, communities, investigation, intelligence, and prevention.

Romero indicated that the communications strategy—which includes a nation-wide campaign through the media to call the attention to the problem—is a key factor as is a "fundamental to change in attitude."

The plan will also create a Narcotics Intelligence Center to centralize all the available information on drugs through a complete information network currently being designed for Concauid by the Central University of Venezuela.

In Romero's opinion, the center will fill a shocking void as currently the information on this issue is dispersed in the diverse security institutions and is, to a great extent, subject to the institutional jealousies and competition among them.

Nevertheless, despite the official announcements that constantly demonstrate concern about drug trafficking and consumption and the violence generated in the nation, the overall narcotics strategy is at an impasse with insufficient resources to carry out an effective job.

For some analysts, the ineffectiveness in the struggle against drugs is not only the government's fault, but also the fault of the rest of society.

"Society as a whole still has not woken up to the true danger that the increase in drug abuse represents," Jeremiah O'Sullivan told IPS. O'Sullivan is director of Invepeca [expansion unknown], an educational institute linked to the Catholic Church.

"I am under the impression that the control and punishment side been emphasized more than the education and prevention side," added O'Sullivan, who is also an expert in communications and a Vatican adviser.

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For O'Sullivan, whose institute annually educates approximately 30,000 young people, mostly high school drop outs, "the drug problem grows every day."

Social apathy in confronting the problem is "a very recent phenomena," moreover, "it is not taken into account sufficiently in the agenda of educational institutions."

According to the expert, a drug strategy should begin by raising the consciousness of the media, particularly television, that youngsters watch an average of four hours a day. That is more time than they spend in classrooms.

Gustavo Misle, coordinator of the Association of the Boys on the Street, one of the nongovernmental organizations that participate in the program, questioned the efficiency of a national strategy to combat drugs.

"We have enough plans and projects in the country. The problem is: Who is going to implement them? Who is going to assess them? Another problem is that the government institutions do not assess them," Misle declared.

For five years the association has been developing a policy, new for Venezuela, of rehabilitating drug addicts through workshops, encouraging among them in productive activity.

Two of its programs, workshops located in different parts of the capital, are financed with funds from the European Economic Community and UNESCO.

Misle noted: "What concerns me most is that it is not known how much or what they consume. Usually there are apparent parameters to assess this situation, but there are no studies. One does not know the magnitude of the problem."

According to the National Institute of Minors, in Venezuela there are 3,500 children on the street, 500 in Caracas.

"The most serious problem we now have is drug trafficking by the boys on the streets in the wealthy neighborhoods of Caracas," he noted.

Misle expressed his trust that progress could be achieved if the national program were to be implemented. However, for now he continues to devote his time to the projects of the association, which meanwhile has not received one penny from the government.

"We must sit and wait. Our dream is for the boys on the street to have a purpose life and that they be able to achieve it. What we are attempting to do is encourage the boys to have dreams," he concluded.

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